

Buti na lang may SSS!



SOCIAL SECURITY SYSTEM

2015 Annual Report

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About the Cover

That exclamation of gratitude and relief from members signifies the prominence of SSS in their times of need, and proves that SSS understands the needs of its members and their families by delivering quality social protection. From the low points – such as sickness, disability or death – to the highlights of their lives – such as child birth or retirement – SSS is a solid and supportive ally of the Filipino people.

In the cover photo, SSS celebrates with the Filipino people who represent the membership of this venerable institution for social protection: the hardworking local and overseas workers, the new retirees, the soon-to-be mothers, the dutiful househelpers, and the elderly pensioners. Each one, we hope, will eventually say: “Buti na lang may SSS!”



SOCIAL SECURITY SYSTEM

Mission

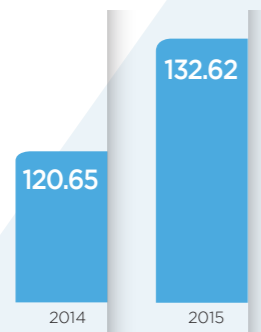
To manage a sound and viable social security system, which shall promote social justice and provide meaningful protection to members and their families against the hazards of disability, sickness, maternity, old age, death and other contingencies resulting in loss of income or financial burden.

Vision

A viable social security institution providing universal and equitable social protection through world-class service.

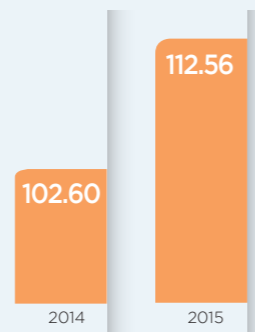
Performance Highlights & Quick Facts

Contribution Collections
(in billion pesos)



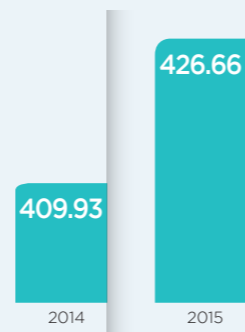
↑9.9%

Benefit Payments
(in billion pesos)



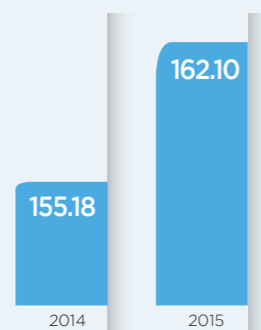
↑9.7%

Investment Level
(in billion pesos)



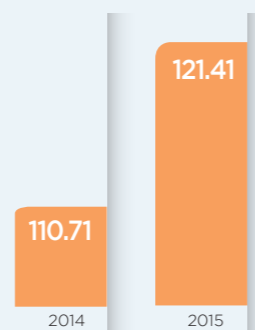
↑4.1%

Revenues
(in billion pesos)



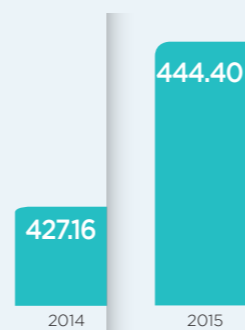
↑4.5%

Expenditures
(in billion pesos)



↑9.7%

Assets
(in billion pesos)



↑4.0%

1.44M
New Covered
Members



10
New
Local
Offices

2
New
Foreign
Offices

Comparative Highlights (Amounts in Million Pesos)

CONSOLIDATED	For the year		Increase/Decrease	
	2015	2014	Amount	%
A. REVENUES & EXPENDITURES				
Revenues	162,101.87	155,180.80	6,921.07	4.5
Members' Contribution	132,615.00	120,650.17	11,964.83	9.9
Investment and Other Income	29,486.87	34,530.63	(5,043.76)	(14.6)
Expenditures	121,407.20	110,712.37	10,694.83	9.7
Benefit Payments	112,560.82	102,598.74	9,962.08	9.7
Operating Expenses	8,846.38	8,113.63	732.75	9.0
Net Revenue/(Loss)	40,694.67	44,468.43	(3,773.76)	(8.5)
B. ASSETS & RESERVES				
Assets	444,399.29	427,164.93	17,234.36	4.0
Investments	406,156.81	394,555.00	11,601.81	2.9
Property and Equipment	4,556.17	3,283.26	1,272.91	38.8
Others	33,686.31	29,326.67	4,359.64	14.9
Liabilities	8,874.92	8,848.39	26.53	0.3
Reserves	435,524.38	418,316.53	17,207.85	4.1
SOCIAL SECURITY FUND ¹				
A. REVENUES & EXPENDITURES				
Revenues	159,246.17	152,715.51	6,530.66	4.3
Members' Contribution	130,786.30	118,938.97	11,847.33	10.0
Investment and Other Income	28,459.87	33,776.54	(5,316.67)	(15.7)
Expenditures	120,251.50	109,528.65	10,722.85	9.8
Benefit Payments	111,489.16	101,501.84	9,987.32	9.8
Operating Expenses	8,762.34	8,026.81	735.53	9.2
Net Revenue/(Loss)	38,994.67	43,186.86	(4,192.19)	(9.7)
B. ASSETS & RESERVES				
Assets	411,275.17	395,750.44	15,524.73	3.9
Investments	378,064.12	377,177.99	886.13	0.2
Property and Equipment	4,556.17	3,283.26	1,272.91	38.8
Others	28,654.88	15,289.19	13,365.69	87.4
Liabilities	8,663.10	8,848.34	(185.24)	(2.1)
Reserves	402,612.07	386,902.10	15,709.97	4.1
EMPLOYEES' COMPENSATION AND STATE INSURANCE FUND				
A. REVENUES & EXPENDITURES				
Revenues	2,855.70	2,465.29	390.41	15.8
Members' Contribution	1,828.70	1,711.20	117.50	6.9
Investment and Other Income	1,027.00	754.09	272.91	36.2
Expenditures	1,155.70	1,183.71	(28.01)	(2.4)
Benefit Payments	1,071.66	1,096.90	(25.24)	(2.3)
Operating Expenses	84.04	86.82	(2.78)	(3.2)
Net Revenue/(Loss)	1,700.00	1,281.58	418.42	32.6
B. ASSETS & RESERVES				
Assets	33,124.13	31,414.48	1,709.65	5.4
Investments	28,092.69	17,377.01	10,715.68	61.7
Others	5,031.43	14,037.48	(9,006.05)	(64.2)
Liabilities	211.82	0.05	211.77	423,540.0
Reserves	32,912.31	31,414.43	1,497.88	4.8

¹ Includes Flexi and PESO funds

Message from the Philippine President



Malacañan Palace
Manila

MESSAGE

My warmest greetings to the Social Security System on the publication of your 2015 Annual Report.

Prudent fiscal management has allowed your institution to accrue P41 billion, quadruple its annual net revenue since 2010. Significant growth was also evident in the contributions and assets. The SSS has truly come a long way; from its inception to this day, your journey has empowered our citizens with the financial security needed to pursue their greatest aspirations. The significant increase in your membership base has amplified awareness and access to your services, further bolstering your performance and laying stronger foundations for succeeding generations of Filipinos.

I commend Commission Chairman Juan B. Santos, and SSS President and CEO Emilio S. de Quiros Jr., who have guided your organization to excellence, and I hope that you remain steadfast in your mission. Know that your partnership on the Daang Matuwid has helped shape a robust and prosperous future for all Filipinos.

I wish you success in all your endeavors.

BENIGNO S. AQUINO III
President
Republic of the Philippines

MANILA
May 2016



“The SSC takes all its governance duties very seriously, not just because law mandates it, but because the SSC realizes that they are also ultimately answerable to the SSS members and stakeholders whom it serves.”

Exceeding Commitments

2015 proved exceptionally challenging for the Social Security Commission (SSC) as it continually strived to exceed its commitments.

Aligning the following strategic targets for itself with that of the Social Security System (SSS), and under careful guidance of the Governance Commission for Government Owned- and Controlled Corporations (GCG), the SSC has achieved much in terms of performance and good governance:

1. Reassessment of the SSC Committees
2. Enacting sound policies
3. Improving service delivery and contribution collection
4. Strengthening commitment to corporate social responsibility
5. Fairness and accuracy in reporting
6. Promoting good community and government relations
7. Careful investment planning

2015 SSS Strategy Map and Performance Scorecard

The SSC conducted a strategic planning session on 20 June 2014 where strategic directions for Management with respect to six (6) defined areas covered in the SSS' plans and programs for 2015 were identified:

- 1) Expanded coverage by increase in total SSS registered members, growth of paying members in relation to registered members, and effective coverage of new members;
- 2) Improved contributions collection and collection efficiency, with clear focus on delinquent contributions;
- 3) Better service delivery alongside ARTA standards-compliant processing time, constantly improving the number of working days from member filing till settlement;
- 4) Enforcement of good governance policies on prudent management of assets, strict monitoring of compliance with manuals of procedures and risk policies, and resolution of audit findings and observations;
- 5) Enhanced institutional image and member/stakeholder awareness; and
- 6) Prudent management of funds.



On 20 August 2014, the SSC approved the 2015 SSS Strategy Map and Performance Scorecard in compliance with the Performance Agreement Negotiation as mandated under GCG Memorandum Circular No. 2013-02, geared towards the following established objectives for 2015:

- 1) **Financial** – sustain viability of social security institution, improve compliance by employers and members, and effectively manage the SSS fund;
- 2) **Stakeholder** – improve service delivery and enhance member environment;
- 3) **Internal Process** – achieve checkless payments of benefits and loans, capitalize on IT for automation of priority processes, and expand the QMS scope for ISO certification; and
- 4) **Organization** – build a more strategically responsive organization with themes on sustainability, operational and service excellence.

Committee Accomplishments

In 2015, the SSC rationalized membership of its six (6) Committees, approved new compositions, as well as enacted amendments to the respective Charters further shaping its specific oversight character in the organization. The determined work of the Committees has immensely aided the SSC in bringing out meaningful results, as shown hereunder.

Audit Committee

The SSC Audit Committee approved the 2015 Audit Plan that required the Internal Audit Service Division (IASD) to undertake audit projects in support of validating corporate strategic objectives of improving member satisfaction, managing the Fund effectively, and improving the compliance of employers to the SS Law.

For the year, the major audit projects completed were:

- Audit of SSS Service and Foreign Offices
- Audit of DDR Workflow Process in pre-selected processing centers
- Audit of Processing of Funeral and Membership Simple Transactions in 132 branches
- Audit of Cash Management System in 95 SSS branches with Teller facilities
- Audit of Sickness-Maternity System
- Audit of Leave and Separation Administration for Retired and Separated Employees in 2014
- Audit of Held-to-Maturity Investment as of December 31, 2014
- Audit of Collection from OFWs by PNB Foreign Branches and its Foreign Tie-Up Collecting Agents for 2014 third quarter collection
- Audit of Employee, Self-employed and Voluntary Member Contribution Posting System
- Audit of SMEC Process for San Pablo Branch and San Pablo Processing Center

The Audit Committee also issued directives on the following areas:

- 1) **Outsourcing of Information Technology (IT) Audit** – IASD to initiate representations with the Commission on Audit (COA) for the conduct of an IT audit of SSS systems and security, and if the COA relents, to outsource to an external IT security and systems audit for this purpose. The Committee likewise directed which among the auditable areas based on the risk assessment conducted are to be prioritized in an IT audit.
- 2) **COA Audit Observation Memoranda (AOMs)** – IASD has been tasked to closely monitor the COA-AOMs, both reiterations and new, and bring these to SSS Management's attention as to which should be prioritized and addressed. Likewise, IASD is responsible for reporting unacted COA-AOMs to the Audit Committee in order to determine items that need the SSC intervention.

- 3) **Revision of the Central Verification System (CVS) for the Unified Multi-Purpose Identification (UMID) System** – Pursuant to SSC Resolution No. 1032 dated December 19, 2012, the Committee, on 17 November 2014, confirmed revisions of the CVS for the UMID System to process 1.3 million enrollments of the Government Service Insurance System (GSIS) thereafter processing the enrollments with assent by National Statistics Office (now Philippine Statistics Authority). To date, the CVS had been turned-over to the PSA.
- 4) **Monitoring of SSS Existing and Expiring Contracts** – The Committee has recommended that an electronic monitoring system be secured to monitor all SSS contracts.

IT Committee

The Committee is tasked to review IT-related programs and projects, as recommended by SSS Management, as well as to develop IT strategies, policies and procedures by evaluating SSS organizational outcomes, identifying problem areas, evaluating trends, and anticipating requirements of the institution. In accomplishing these tasks, periodic reports on IT-delivery services and technology applications have been submitted and deliberated upon in the IT Committee, such as the following:

- 1) The Committee has monitored the progress of 93 projects (ITMG-initiated and Business Driven); initiated development and reporting of IT Metrics; and oversaw the improvement of ITMG functions, including the creation of the Project Management Office (PMO).
- 2) In adopting policies to ensure adequate research and study of IT projects prior to endorsement to the Commission for consideration and approval, the Committee has reviewed 17 initiated and awarded projects (9 ITMG-initiated and 8 Business Driven), another 29 projects in acquisition and development stage (16 ITMG-initiated and 13 Business Driven), and streamlined IT review and oversight processes (P10-M and up only, unless policy or Committee guidance is required for P10-M below projects).
- 3) It submitted the IT Strategic Plan for CY 2015-2017 (includes IT Architecture Plan) to the Information and Communication Technology Office (ICTO) in July 2015 to oversee the continuing development of the SSS technology plan, through study of organizational goals, strategies, practices, and user applications.
- 4) It oversaw the selection and evaluation of IT consultants of Management for the preparation of the Network Infrastructure Assessment and Plan (NIAP) report.

Risk Management Committee

For 2015, the Risk Management Committee continued its evaluation of risks arising from key SSS sectors and groups, predominantly concentrating on investments and information-technology.

This year saw the formal implementation of the 2014 SSC-approved organization-wide Operational Risk Management Policy. The Committee was also able to closely examine risks in the Branch Operations Sector, issues in OFW remittances, the loan programs, Commission on Audit concerns, and the 1985-1989 Contributions Data Entry project. It has particularly emphasized on identification of specific risk areas, its classification as to severity and analysis of mitigating measures already in place, together with existing efforts to eliminate these risks.

The 1st quarter of 2015 kicked-off an organization-wide activity requiring management level personnel in each Division/Department to complete the initial risk assessment questionnaire. The self-examination generated a risk-aware culture across the entire institution, considering that each department reported on risks particular to their office and functions, their severity and probability of occurrence, as well as identified possible Divisional Risk Officers (DRO).

Continuing the review of the Investments Sector, and concurrent with the mandate of the Investment Oversight Committee, the Risk Management Committee looked into the following investment matters, within the specific purview of risk:

- 1) Risks involved in the 2015 SSS Investment Plan
- 2) Risks arising from investment in Government Securities Trading
- 3) Personal Equity Trading guidelines
- 4) SSC-approved Investment Guidelines
- 5) Value-at-Risk Methodology for SSS Equities portfolio
- 6) Implementation of the approved Stop-loss/Cut-loss guidelines
- 7) Proposed policies and guidelines on Exposure limits in Debt and Equity

During the 3rd quarter of 2015, the Risk Management Committee also conducted an *ex-parte* examination of existing SSS Investment Guidelines for completeness; identifying gaps in the present guidelines and those necessitating revision, and determining the need to establish a uniform working definition of investment terms found in the SS Charter. Results of the assessment were discussed with the Investments Sector and turned-over to the Investment Oversight Committee for consideration and action.



Carrying on from 2014 into 2015, the Risk Management Committee maintained a close watch over IT-related risks and mitigating measures, specifically the following:

- 1) Procedure to block access from lost or stolen computers
- 2) Review of the original support agreement with Oracle regarding deliverables
- 3) SSS website issues, including the employer and member login modules
- 4) Microsoft Office 365 migration issues
- 5) IT Audit, COA capability to perform IT Audit and the Technology plan
- 6) IT Audit Training Program for Internal Audit Service personnel
- 7) Continuing updates on SSS IT-identified and monitored risks

The Chief Actuary and the Head of the Risk Management Department have also been appointed permanent invitees in all Risk Management Committee meetings. In 2015, the Risk Management Department secured the Committee's endorsement for the following initiatives:

- 1) Proposed method for the computation of ROI of the SSS Investments Portfolio
- 2) Financial Risk Assessment and the Risk Dashboard - the SSC approved under its Resolution No. 733 dated September 28, 2015, the Risk Dashboard covering risk metrics for the identified high-risk financial risk events. The Risk Dashboard is a graphical and/or tabular presentation of the SSS' key risk measures (often against their respective tolerance levels) to enable the Risk Management Department to tap the cooperation and participation of the risk taking units in the various risk management activities, such as: 1) risk metric methodology approval, 2) data collection, and 3) risk limits approval.
- 3) Rules on Personal Equity Investments for SSC/SSS Officers and Employees.
- 4) Enhancement of Stop-loss/Cut-Loss guidelines
- 5) Proposed policies on exposure limits on Debt and Equity
- 6) Proposed policy on value-at-risk (VAR) limit

Committee on Governance, Organization, and Appointments

The Governance, Organization and Appointments Committee (GOAC) is tasked to oversee, implement, and adopt performance evaluation standards for the SSC to fulfill its corporate governance responsibilities. It also assists the SSC on matters concerning SSS employees' appointment process and qualification standards.

In 2015, the Committee revisited the SSS staffing process, policies, and benefits in hiring new employees. A Technical Working Group (TWG) was created to provide the Committee updates on the SSS restructuring plans and proposals as embodied in the SSS 5-Year Roadmap. By year-end 2015, the Committee approved, endorsed, and supported the restructuring proposals of more than 17 Divisions and groups, which are pending approval before the Governance Commission for GOCCs (GCG).

The Restructuring Plan of the Branch Operations Sector and Medical Services Division of the SSS was approved by the GCG on 31 July 2015.

Finally, the Committee actively deliberated on the GCG Corporate Governance Scorecard, an assessment tool used in practicing good corporate governance. There has also been a review of the GOAC Charter, specifically discussing the functions, objectives, existing SSS policies and practices, particularly of the Human Resource Management Group (HRMG) and the Office of the Commission Secretary (COMMSEC). The proposed GOAC Charter has undergone several enhancements and the proposed revisions will be reflected in the SSS Manual of Corporate Governance for endorsement to SSC and GCG approval. The implementation of the Manual of Corporate Governance is part of the effort to pursue the reform agenda.

Committee on Coverage, Collection and Other Related Matters

The task of the Committee is threefold: (1) setting or recommending strategic directions on SSS coverage and collection; (2) reviewing proposed programs and policies on coverage, collection, compliance and member services; and (3) monitoring implementation of these policies and programs. Towards these goals, the Committee undertakes or supports special projects, such as:

- 1) **SMS as payment mode for SSS contributions and loan amortizations.** The SSC has passed Resolution No. 872-s. 2014 (08 October 2014) approving the use of short message service (SMS) as an alternative payment facility for SSS contributions and loan amortizations.

- 2) **Guidelines on unremitted collections and penalties by accredited collecting banks.** Due to past lapses in the monitoring of payment made by members through accredited collecting banks, SSS has discovered unremitted collections by accredited collecting banks that are already subject to penalties for late remittance. To correct this, the SSC passed Resolution No. 929-s. 2015 (09 December 2015) that provide a mechanism for the SSS and the accredited collecting banks to settle the matter of unremitted collections and penalties, and to ensure that such unremitted collections will not happen again.

- 3) **Information sharing with the Department of Labor and Employment.** The SSC approved the SSS-DOLE Memorandum of Agreement on information sharing, which was signed on December 22, 2015. With this MOA, the SSS can take advantage of the information gathered by some 400 new compliance officers of the DOLE to improve the SSS compliance of employers and increase collections.

- 4) **Revision of installment guidelines for delinquent employers.** The Committee reviewed the proposed revision of the installment guidelines for delinquent employers to provide them, particularly those in distress, with more flexible payment options.

Investment Oversight Committee

The Investment Oversight Committee (IOC) is tasked to oversee SSS' investment activities and to set policy directions thereon, together with review and evaluation of Management's recommendations on investment matters. In 2015, the IOC established guidelines on:

- 1) Enhancing the governance of the investible funds in accordance with Section 26 of the Social Security Act of 1997;
- 2) Enhancing transparency in the selection of custodians, brokers, banks and non-bank intermediaries payment centers;
- 3) Addressing the most advantageous disposal and lease of investment and real properties;
- 4) Revising the guidelines on the Omnibus Credit Line of Participating Financial Institutions (PFIs);
- 5) Amending the Guidelines of Authorized Signatories for documents used on Real Estate Mortgage, Foreclosure and Acquired Assets-Related Transactions; and
- 6) SSS Nominee-Directors in Investee Corporations.

Quasi-Judicial Function of the SSC

One of the more important functions of the SSC is its role sitting as collegial body performing a *quasi-judicial* function in disputes arising under the SS Law with respect to coverage, benefits, contributions and penalties thereon. In 2015, the SSC freed its docket with the resolution of the following number of cases filed before the SSC:

• Resolution/Decision.....	219
• Final Order (Motion to Dismiss).....	42
• Final Order.....	215
Motion for Reconsideration.....	53
Issuance of Writ of Execution.....	134
Case closed and terminated due to Employer's payment of liability.....	28

However, certain provisions in the 1997 Revised Rules of Procedure of the SSC were seen as requiring amendment and refinements. For this purpose, an Ad-hoc Committee on the Amendment of the 1997 Revised Rules of Procedure was created in 2015 and is currently working on rules revision for its finalization and implementation in 2016. Once implemented, the Rules will better assist the parties obtain a more expeditious adjudication and resolution of cases.


Corporate Governance Confirmation

In 2015, the GCG recognized the SSS as compliant with its Good Governance Conditions, as well as with the Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems, which was created pursuant to Malacañang Administrative Order No. 25, s. 2011.

Under the GCG's guidance, the SSC crafted the **SSS Manual of Corporate Governance**, which details and confirms the transparent, responsible and accountable manner it would handle and care for the monies and properties of SSS, "with utmost degree of professionalism, effectiveness, fairness and with extraordinary diligence".

The SSC takes all its governance duties very seriously, not just because law mandates it, but because the SSC realizes that they are also ultimately answerable to the SSS members and stakeholders whom it serves. The SSC is also the main catalyst for the institutionalization and continued advancement of good governance in SSS.

Thank you for another year and another opportunity to be of service to our SSS members, stakeholders, and to the nation.


Juan B. Santos
 Chairman, Social Security Commission

“Buti na lang may SSS!”

This is a phrase that we at SSS are always pleased to hear from members and their beneficiaries. Hearing that exclamation of gratitude and relief from them signifies the importance of SSS in their lives, especially in their times of need. This manifests that our plans are being realized, programs are being implemented, and objectives are being achieved.

September 1, 2015 marked the SSS' 58th Anniversary celebration with the theme, “*Buti na lang, may SSS: Aming Kontribusyon, Ipong Nagbibigay Proteksyon.*” For 58 years, the SSS has been at the forefront in providing reliable and adequate social protection to working Filipinos. As an institution, it has grown not only in number of members or branches, but also in the quality and breadth of its benefits and services.

Meaningful Protection Beyond a Lifetime

The SSS has strived over the years to fulfill its mandate to care for its members. From the very first contribution, the member is shielded by a mantle of protection for the rest of his or her life. With every contribution thereafter, that financial protection is extended to contingencies such as sickness, maternity, old age, disability and death. More importantly, SSS provides this protection that is passed on to the legal beneficiaries even upon demise of a member – thus, a meaningful protection that lasts beyond a lifetime.

With reforms implemented to improve its financial health, benefit programs were gradually enhanced. Notably, the SSS instituted an **increase in the SS funeral benefit** from a fixed amount of P20,000 to a variable amount ranging from a minimum of P20,000 to a maximum of P40,000, as approved by President Benigno S. Aquino III, effective August 2015.

Digitization of 1985-1989 Records to Eliminate Manual Verification Requests

The SSS also completed the digitization of the 1985-1989 records of members paving the way to solve the handling of voluminous and tedious requests for manual verification for possible pension adjustments.

It may be recalled that in the early '80s, due to disk space limitations, only the last six years of monthly contributions were displayed. All earlier


contributions and Credited Years of Service (CYS) were lumped. When the computer system was upgraded in 1987, the policy of lumping contributions continued.

The project on the 1985-1989 records was pursued to break down the lumped contributions and CYS to update the computation of pension under the SS Law amendment in 1997 or RA 8282.

Accessible Coverage for All

Membership over the past year has grown to 33.6 million, with 1.5 million new members added. Several programs and activities were implemented during the year to boost membership coverage. Foremost is the intensified coverage of and collection from the informal sector (IS) through the continued implementation of the **AlkanSSSy Program** for informal sector groups (ISGs) and the **accreditation of various cooperatives/groups and associations as Partner Agents**. Also, we pursued agreements with **professional associations and select government agencies** to increase the coverage and provision of much needed social security to job order and contractual workers in government, who do not fall within the purview of the Government Service Insurance System (GSIS).

To further intensify coverage of the Overseas Filipino Workers (OFWs), the SSS continued to conduct **outreach programs in 12 cities with a significant number of OFWs in Europe and the United States**. Through these outreach programs, the SSS was able to put forward the value of active membership to OFWs.



“Achieving service excellence has always been a key priority of the institution. In 2015, the SSS focused on pushing for service innovations that provide members with better and faster accessibility to SSS services, either through face-to-face or via online transactions.”

The SSS also continued to pursue bilateral agreements with other countries. **Social Security Agreements (SSAs)** with three countries were finalized, while exploratory talks or negotiations were pursued with the United States and India. This brings to 16 the total number of SSAs signed, putting in place the provisions of equality of treatment, export of benefits, totalization of membership periods for benefit entitlement, and mutual administrative assistance.

Service Delivery Anytime, Anywhere

Achieving service excellence has always been a key priority of the institution. In 2015, the SSS focused on pushing for service innovations that will provide members with better and faster accessibility to SSS services, either through face-to-face or via online transactions.

Branch Expansion and Improvements. The SSS continued expanding its branch network by opening four (4) branches in 2015, namely, San Jose Del Monte, Agoo, San Francisco-Agusan, and Pasig-Rosario, and creating five (5) service offices. It also relocated 14 branches to more accessible locations and renovated ten (10) by improving their layout and facilities to meet established branch standards. All these helped to decongest the existing branches and provide more comfortable environments for its members. To further extend services to members based abroad, two (2) foreign offices were opened this year: one in San Francisco, USA and another in Kaohsiung, Taiwan.

Electronic and Self-Service Transactions. The SSS website saw marked improvements in its ability to allow members to transact online. Members can now apply for and be issued SSS numbers through the website, as well as submit technical retirement applications and notifications for sickness and maternity.

Towards the end of 2015, the payment of sickness and maternity benefits through SSS accredited banks was made mandatory to self-employed, voluntary members, non-working spouses, and members separated from employment. This move away from mailed checks is not only a safeguard against possible loss and theft, but also a way to make it convenient for members to receive their benefits.

Taking advantage of the extensive use of text messaging, the SSS also launched in 2015 the **Text Blast Service**, which is a broadcast message service that sends announcements and reminders to all registered SSS members, as well as personal updates such as settlement of their benefit claims, approval of their loan applications, among others. Further using the SMS capability, the SSS partnered with Globe Telecom for a mobile phone-based service that allows self-employed and voluntary members to pay contributions through the latter's **"GCash" facility** - a mobile wallet that holds an individual's digital cash credits. With a simple SMS or text message, members can pay their contributions or loans, and in the future, invest in the SSS PESO Fund, or for household employers to pay the contributions of their house helpers.

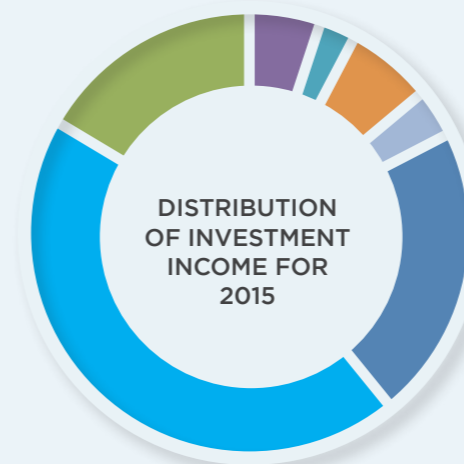
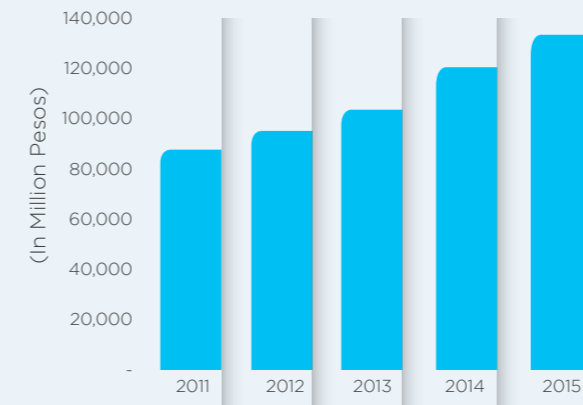
Also launched is the **International toll-free call services** to allow overseas members in key foreign locations to contact our call center agents without incurring charges for their overseas calls to the Philippines.

Keeping in mind the objective of enhancing member satisfaction and continuous organizational improvement, the SSS expanded the **ISO 9001 Quality Management System (QMS) Certification for Registration and Coverage** to six additional branches this year, namely, Baguio, Calamba, Camiling, Legazpi, Cebu, and Taguig.

Financial Position Remains Strong

Our efforts to increase collections through improved compliance of employers and members bore fruit, as evidenced by the substantial **9.9 percent year-on-year growth in contributions collection in 2015 totaling P132.6 billion**. This follows the 7.7 percent growth in the number of actively-paying SSS members in 2015 relative to the previous year, far exceeding the very minimal increase of 0.23 percent in the country's total employment during the same period. Other than the 2014 growth, which was largely due to the increase in contribution rate, the 2015 growth in contribution collections was the highest since 2009.

CONTRIBUTIONS COLLECTION: 2011 - 2015

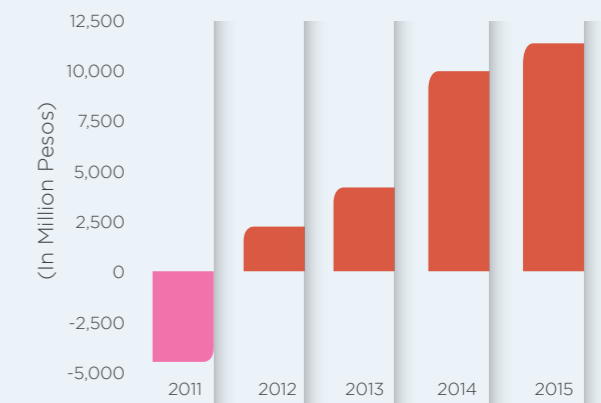


- GOVERNMENT SECURITIES 37%
- EQUITIES 28%
- LOANS TO MEMBERS 18%
- REAL ESTATE 7%
- CORPORATE NOTES AND BONDS 5%
- OTHER INCOME 3%
- BANK DEPOSITS 2%

Investment and Other Income Lower but still Surpassed Market Benchmarks. Adhering to the principles of safety, good yield and liquidity, the investment efforts of the SSS generated a total income of P29.5 billion in 2015 yielding a significant return on investment (ROI) of 6.9 percent, which outpaced the yield of common market indicators like the Philippine Dealing System (PDS) 10-year T-bond and the 364-day T-bill that posted returns of 4.0 and 2.1 percent, respectively, during the year. The 2015 trend in income generation of the SSS is at par with the performance of the Philippine economy, as measured by the growth of Gross Domestic Product (GDP), which slowed down to 5.8 percent in 2015 relative to the 2014 GDP growth of 6.1 percent.

Operating Expenses Kept at Manageable Levels. Expenses for 2015 totaled P8.8 billion, higher by 9.0 percent from the previous year's figures, but still only 52.7 percent of the level that SSS is allowed to spend, according to its Charter. The increase in the 2015 operating expenses largely came from the System's effort to expand and improve its branches and reach out to those in highly congested or far-flung areas as well as on various special projects designed to improve member's accessibility to and enhance quality of services, among others.

SURPLUS OF CONTRIBUTIONS OVER EXPENDITURES: 2011 - 2015



Contributions Remained in Surplus as Compared to Expenditures. Contribution surplus, which is the excess of contribution over total expenses, remained on the uptrend for the fourth consecutive year in a row. In 2015, it reached P11.2 billion, posting a considerable growth of 12.8 percent from the previous year. This is the result of the SSS' resolve to gradually reform the System by strongly linking benefits with contributions in order not to make it susceptible to funding problems.

Net Revenues Still at a Substantial Level.

The movement of the 2015 SSS revenues and expenditures brought forth continued strong financial gains as manifested by a net revenue that reached P40.69 billion.

Consolidated Total Assets Grew. With the 2015 SSS financial performance, consolidated assets remained on the uptrend, reaching P444.4 billion by year-end and surpassing the 2014 asset level by 4.0 percent. The continuous growth of assets over the recent past years can be attributed to marketing efforts to increase contribution collections and, increased operating efficiency and judicious management of investment portfolio based on good governance principles.

Unqualified Opinion Received from COA. This year, the SSS received the Commission on Audit's (COA) UNQUALIFIED OPINION for its financial statements in 2014. This is the first time since 2009 that COA recognized that SSS' financial statements as sound and free from material finding. This unqualified opinion is the hallmark of improved confidence and an affirmation of a financially-strengthened SSS.

Member's Financial Future is Part of SSS Agenda

The SSS fully launched a voluntary provident fund named **Personal Equity and Savings Option (P.E.S.O.) Fund** in May 2015 to give the members an opportunity to save their excess earnings in a guaranteed and tax-free fund to help them obtain more benefits in the future.

Further, the continued operation of the **SSS Flexi-Fund Program for OFWs** showed thriving results as it brought total fund membership to almost 50,000. Meanwhile, Annual Incentive Benefits (AIB), which is granted to members with no full Flexi-fund withdrawals and benefit claims within the applicable year, posted total disbursements of P13.15 million in 2015, the highest since it was implemented in 2012. These, we see, are indicative of the OFWs' apparent desire to further increase their savings for a better future.

SSS Innovations and Efforts Cited and Honored

The innovative efforts of the SSS to cover the informal sector groups (ISGs) was lauded by the **International Social Security Association (ISSA)** during the ISSA Good Practice Awards for Asia and the Pacific in November 2015. A Certificate of Merit with Special Mention was awarded to SSS in recognition of its various initiatives to promote inclusive growth.

Other external recognitions both here and abroad were also received by the SSS in 2015, giving affirmation on its efforts to provide quality service to members and beneficiaries. These include awards from the **ASEAN Social Security Association (ASSA)** for the implementation of the AlkanSSSy Program under the "Innovation Excellence" category during the 32nd ASSA Board Meeting held in Singapore, the **Social Weather Stations (SWS)** for being the top 2 among government agencies in terms of sincerity in fighting corruption based on the Survey of Enterprises on Corruption, the **Civil Service Commission (CSC)** for the "excellent" rating of 50 branches from the CSC 2015 Anti-Red Tape Act - Report Card Survey (ARTA-RCS) in compliance with ARTA requirements to ensure frontline service to the public.



The SSS likewise received its **first Silver Anvil Award** in 2015 from the Public Relations Society of the Philippines (PRSP) during the 51st Anvil Awards, which lauded the SSS for its public relations program that successfully addressed adverse criticism and gained greater support from its strategic stakeholders, external consumers, communities, and special interest or advocacy groups.

Year 2016 onwards will bring further developments in the country as the new administration unfolds its programs. In the face of these changes and challenges, I believe in the resiliency of the institution and its workforce in upholding our mandate.

The past five years and a half were marked by reforms and innovations that have made SSS stronger and more responsive to our members. This is the legacy that I hope to leave at SSS. This is the legacy that I hope will be carried on in the years ahead.

Maraming salamat at mabuhay tayong lahat!

Emilio S. de Quiros, Jr.
EMILIO S. DE QUIROS, JR.
 President and Chief Executive Officer

2015 In Review

JANUARY



Isabela LGU to subsidize farmers' SSS contributions
 The provincial government of Isabela will subsidize the contributions of around 10,000 farmers to the SSS as contained in the memorandum of agreement (MOA) it signed with the state-agency last January 30, 2015. The agreement, dubbed as "BRO-Sapat na Seguridad para Sa mga Magsasaka" or BRO-SSSM, allocates P18 million to subsidize half of the SSS contributions of small farmers with one-fourth to one hectare of tillage. Photo shows the signing of the BRO-SSSM agreement at the Isabela Provincial Capitol by Isabela Governor Faustino Dy III (2nd from left) and SSS President and Chief Executive Officer (PCEO) Emilio S. de Quiros, Jr. (3rd from left) and witnessed by Isabela local government and SSS officials.



New SS Commissioner appointed
 The SSC, the highest policy-making body in the SSS, welcomed its newest member, Commissioner Eva B. Arcos, representing the Labor Group, in place of former SS Commissioner Marianita O. Mendoza.

Commissioner Arcos, who officially took office in January 2015, is the National Vice President for Education and Information of the Associated Labor Unions (ALU). Concurrently, she is the General Secretary of the ALU National Committee on Women, and the Editor-in-Chief of the ALU website (www.alu.org.ph).

FEBRUARY



SSS opens new office in Talisay, Cebu
 The SSS expects to increase its current membership base in the southern part of Cebu as it opened a new branch in Talisay, Cebu on February 4, 2015. Located at Gaisano Grand Fiesta Mall in Tabunok, the new SSS branch will serve the municipalities of Talisay, Minglanilla, Naga, San Fernando and Carcar covering a total of 14,442 employee-members and 3,000 self-employed and voluntary members. SSS PCEO Emilio S. de Quiros, Jr. and Cebu Vice Governor Agnes A. Magpale formally opened the full-service SSS Talisay Branch on February 4, 2015. Throughout the rest of 2015, the SSS would inaugurate a total of 18 new or relocated local branch offices, create five (5) new service offices, renovate ten (10) branches, and open two (2) new foreign branches.



Ten-year prescriptive period set for DDR claims re-adjudication
 Members seeking to have their settled death, disability or retirement (DDR) claims with the SSS re-adjudicated or reevaluated have up to ten (10) years to file their requests. This prescriptive period, which also applies for petitions contesting settled claims before the Social Security Commission (SSC), aims to eliminate problems in the validation of submitted documents, since the retention period of claim records is limited to 10 years only, per Article 1144 of the New Civil Code of the Philippines. The reckoning point for the 10-year prescriptive period depends on when the claim was originally settled. For claims settled before March 1, 2006, the prescriptive period will start on the said date. For claims settled on or after March 1, 2006, the prescriptive period will start on the initial settlement date of the claim.

MARCH

49 QC-based informal sector groups (ISG) join AlkanSSSy Program
 The SSS launched the AlkanSSSy Program to 40 tricycle-operators-drivers associations (TODA), seven (7) market vendor associations, one (1) barangay unit, and one (1) pedicab-operators-drivers association (PODA) with initial registration of 1,736 members in Quezon City. During the launch on March 11, 2015 at the Quezon City Hall, Vice Mayor Joy Belmonte and SSS PCEO Emilio de Quiros, Jr. turned over one AlkanSSSy unit to each of the 49 ISGs that signed up to partner with SSS. Costing about P12,000 each, the AlkanSSSy units are the City's investment to help informal sector workers gain social security protection.



Agreements signed to cover job order and contractual workers in government agencies
 The SSS inked key partnerships in 2015 with various national government agencies and local government units to provide SSS coverage to their job order and contractual (JO/C) personnel under the KaltaSSSy-Collect Program. These partner agencies facilitate the SSS registration and regular remittance of contribution payments of their JO/C personnel. Photo on the right shows the signing on March 23, 2015 with the Marikina City LGU for the SSS coverage of the city's JO/C workers. By the end of 2015, a total of 717 memoranda of agreements (MOA) nationwide have been signed by SSS with various state-run institutions, including 154 agencies and 563 local government units (LGUs). Over 76,000 JO and contractual workers are covered so far, while collections have reached P284 million.



APRIL

Government agencies unite for business reforms
 Twelve (12) government agencies, including the SSS, gathered on April 14 at the AIM Conference Center in Makati City for the signing ceremonies and formal launching of reforms under the National Competitiveness Council (NCC)'s Gameplan 3.0, which synergizes government processes related to easing the conduct of business in the Philippines. From the current set up of 16 steps and 34 days to start a business, the process is now reduced to 6 steps and 8 days. The participating agencies, represented by their heads in the photo, are the Department of Finance, Department of Trade and Industry, Securities and Exchange Commission, NCC, Department of Interior and Local Government, Home Development Mutual Fund, Philippine Health Insurance Corporation, Bureau of Internal Revenue, Development Bank of the Philippines, Land Bank of the Philippines and the Quezon City Local Government.



MAY



SSS voluntary provident fund opens enrollment

The SSS started the pilot implementation and enrollment for the Personal Equity and Savings Option (P.E.S.O.) Fund, a provident-fund scheme that aims to increase savings among actively-paying members by building their retirement fund. The Fund is open to members who are 54 years old and below, and have at least six consecutive SSS contributions within the last 12 months prior to enrollment. An initial contribution can be as little as P1,000, with succeeding contributions of at least P1,000 up to a maximum of P100,000 per year. P.E.S.O. Fund contributions are invested in government securities to ensure safety and liquidity, and are guaranteed to earn based on prevailing Treasury bill rates. Members can enjoy higher return on their savings under the tax-free fund. As of December 2015, the P.E.S.O. Fund had some 410 enrollees with P6.5 million worth of contributions. Photo shows SSS-Legarda Branch Head Virginia F. Calasahan (left) with Nadessa Usita (middle), the first P.E.S.O. Fund enrollee of that branch, and OIC-Member Services Dolora Q. Hojilla.

JUNE



SSS PCEO meets with Roxas City employers

SSS PCEO Emilio S. de Quiros, Jr. met with some 175 employers and company representatives during a Stakeholders' Forum on June 30 at the Kapis Mansion, Roxas City, wherein he provided updates on SSS operations and programs. PCEO de Quiros was in the province for his regular regional visit with other SSS executives. The Forum gives SSS members and employers an opportunity to raise their concerns and get immediate feedback directly from SSS' top officials. Throughout 2015, a total of ten (10) Stakeholders' Forum were conducted in various regions nationwide.



Quarterly Dialogues with Labor continues

The SSS conducts regular consultation-dialogues with labor groups every quarter with the aim of informing labor leaders and trade unionists of the performance and developments of the pension fund, as well as to get their feedback on SSS-related concerns. The quarterly dialogues, often attended by over 100 participants, were used as one of the avenues for SSS to explain the need for reforms to ensure the long-term sustainability of the pension fund, for the welfare of the current members and future pensioners. In 2015, a total of six (6) labor dialogues were conducted in the National Capital Region and one (1) each in the Visayas and Mindanao.

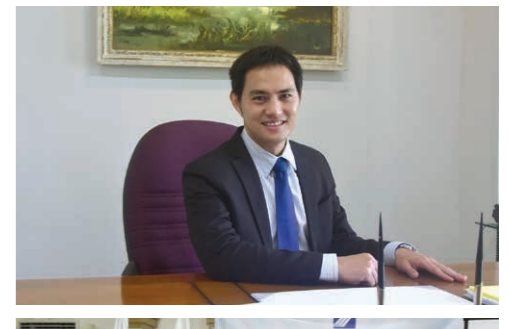
JULY

New Social Security Commission member appointed

Michael Victor N. Alimurung was appointed as the newest member of the SSC, representing the interests of the General Public Sector. He was appointed as Chairperson of the SSC IT (Information Technology) Committee, and sits as a member of the SSC Committee on Governance, Organization and Appointments. Commissioner Alimurung used to work in the Office of the President as Assistant Executive Secretary, Head of the Government Performance Monitoring Office. He has extensive experience as a Management Consultant to public sector agencies, including the Commission on Audit, and the Department of Social Welfare and Development.

Charities receive donations from SSS officials, employees

Seven (7) charitable institutions benefitted from the voluntary contributions of the SSS workforce during the 2014 Christmas season. In ceremonies held on July 28, 2015 at the Executive Lounge, a total amount of P1.05 million was distributed to the selected charities by PCEO Emilio S. de Quiros, Jr., SS Commissioner Ibarra A. Malonzo, and EVP for Investments Rizaldy Capulong. The annual fund drive is part of the SSS Corporate Social Responsibility program. The selected charitable institutions are dedicated mostly to helping less-privileged women and children, the elderly, the injured and the disabled.



AUGUST

Renewed SSS-ILO agreement provides subsidies for 17,000 typhoon-hit workers

The SSS has extended its partnership with the International Labour Organization (ILO) for the subsidized contributions of emergency workers in typhoon-hit areas, with the number of target beneficiaries nearly tripling from 6,000 in the first phase to 17,000 in the second phase. The program beneficiaries are workers from areas devastated by typhoons Yolanda (Haiyan) and Ruby (Hagupit), such as Tacloban, Bohol, Ormoc, Coron, Negros Occidental, Northern Cebu, as well as Northern and Eastern Samar. The emergency workers, who are hired under the ILO's cash-for-work program, assist in rehabilitating their communities by clearing debris, declogging drainages, sweeping streets and repairing damaged facilities. In recognition of this groundbreaking coverage and subsidy program, the SSS honored the ILO with a special citation during the 58th SSS Anniversary program.



SSS inks bilateral agreement with Luxembourg for social security protection

SSS PCEO Emilio S. de Quiros, Jr. (2nd from left) joined Philippine Ambassador to Belgium and Luxembourg Victoria S. Bataclan (3rd from left) together with Minister Romain Schneider after the two parties signed the Philippines-Luxembourg Social Security Agreement (SSA). SSS SVP Judy Frances A. See (left) and Inspection Generale de la Securite Sociale Head Claude Ewen (right) witnessed the event. The SSA includes the equality of Filipino nationals in contributions of social security benefits in Luxembourg and allows the export of the same benefits if they return to the Philippines.





SSS funds classrooms for Yolanda-affected schools

The SSS donated P5.5 million for the building of six classrooms and the purchase of students' armchairs and teachers' chairs and tables for the Catmon, Maghulod, and Picas elementary schools at Tanauan, Leyte, which were destroyed by Typhoon Yolanda (Haiyan) in 2013. Photo shows SSS PCEO Emilio S. de Quiros, Jr. (2nd from right) and SSC Chairman Juan B. Santos (right) turning over the ceremonial check, representing the first tranche of the SSS grant amounting to P4.4 million, to Education Secretary Bro. Armin A. Luistro, FSC (2nd from left) and Department of Education (DepEd) Undersecretary Mario A. Deriquito (left) during ceremonies held at the DepEd Complex in Pasig City on August 7.



SSS chief at ECOP meeting

PCEO Emilio S. de Quiros, Jr. (center) shared the highlights of SSS accomplishments for the last five years during the 11th Employers Confederation of the Philippines (ECOP) Members' General Meeting, which was held last August 13 at the Henry Sy, Sr. Auditorium of the St. Luke's Medical Center Global City in Taguig. Officials from the Philippine Health Insurance Corporation, Pag-IBIG Fund, and Employees' Compensation Commission also attended the ECOP event, which carried the theme "Enhancing, Expanding, and Maximizing Benefits to Employees."

SEPTEMBER

SSS recognizes top partners in 2015 Balikat ng Bayan Awards

A total of 16 organizations were recipients of the 2015 SSS Balikat ng Bayan (BnB) Awards for their significant contributions in providing social protection to Filipino workers and helping the SSS expand the reach of its services in the Philippines and overseas, thereby helping SSS achieve its mandate.

RCBC Savings Bank won as Best Collecting Thrift Bank and received the BnB Hall of Fame award for winning five straight years. The Bank of the Philippine Islands (BPI) and One Network Bank, Inc. (ONB) similarly brought home two BnB awards.

The SSS bestowed the Top Employer Award for Large Accounts to the National Book Store, and the Top Employer for Small/Medium Accounts to Federation of Filipino-Chinese Chambers of Commerce & Industry. The Top Employer winners set high standards in terms of compliance with the Social Security Law.

For Best Collection Partners, BPI won as Best Commercial Bank, RCBC Savings Bank as Best Thrift Bank, ONB as Best Rural Bank, CIS Bayad Center, Inc. as Best Non-OFW Collecting Partner, and Ventaja International Corporation as Best OFW Collecting Partner.



For Best Paying Partners, the SSS named BPI as Best Commercial Bank, Philippine Savings Bank as Best Thrift Bank, and ONB as Best Rural Bank. These banks were ranked first in terms of serving SSS pensioners through the timely disbursement of their monthly pensions.

The winning Best Media Partners for 2015, which both hail from Davao City, were "Jet Connects: Inyong SSS" of Sky Cable Davao for broadcast and the "Dangpanan" column by Rhona Goc-ong-Villariasa of Sun Star Davao Superbalita for print.

Special citations for noteworthy SSS partnerships were conferred on the Philippine National Bank as paying commercial bank, Business Mirror as media partner for print, and SEDP-Simbag sa Pag-Asenso, Inc. as accredited collecting and servicing partner agent. Other recipients of special citations include the Quezon City Government Office of the Vice Mayor and the Villa Cristina Verdán Rey Villeco Camella Manuela Tricycle Operators and Drivers Association as exemplary AlkanSSSyá Program partners, as well as the International Labour Organization for ensuring the social protection of workers affected by Typhoon Yolanda by subsidizing their SSS contributions.





SSS PCEO bags CEO Excel Award 2015

SSS PCEO Emilio S. de Quiros, Jr. was one of the awardees of the Communication Excellence in Organizations (CEO Excel) Awards for 2015, given by the International Association of Business Communicators (IABC) Philippines in ceremonies held on September 14, 2015 at the InterContinental Hotel Manila in Makati City. PCEO de Quiros was cited as “The Visionary” with the courage to be “disruptive” in his field of government service.

“Leaders of Disruption all took risks, followed their instincts and hearts, and avoided organizational clichés,” said IABC about the 14 CEO Excel Awardees. Of de Quiros, the IABC cited: “Since 2010, the SSS has relied on (his) vision to gain awareness and support for the government agency. His goal was to bring SSS closer to the Filipino people, and he was successful in doing so, through spearheading the extension of the organization’s branch network and the enhancement of its service accessibility.”

NOVEMBER

SSS lauded by international association for inclusive growth campaigns

The SSS received a Certificate of Merit with Special Mention from the jury from the International Social Security Association (ISSA), which has over 330 organizations from more than 160 countries under its membership, in recognition of various SSS initiatives to promote inclusive growth during the ISSA Good Practice Awards for Asia and the Pacific 2015 held in Muscat, Oman on November 2, 2015. Photo shows SSS SVP for Administration May Catherine Ciriaco (2nd from right) shaking hands with former ISSA President Johan Verstraeten (left) of Belgium as she received the certificate onstage on behalf of the SSS. Also in photo are current ISSA President Errol Frank Stoové (right) of the Netherlands, and Corazon dela Paz-Bernardo (2nd from left), who served as SSS President and CEO from 2001 to 2008, as well as ISSA President from 2004 and 2010.



SSS holds pre-bid conference for long-term lease of Pasay properties

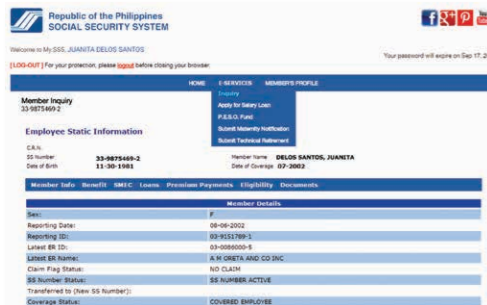
The SSS conducted the pre-bid conference for the 25-year lease of two of its properties in Pasay City - the HK Sun Plaza and a vacant lot - both located at the Financial Center area along Roxas Boulevard and Macapagal Avenue. The HK Sun Plaza covers a 44,000 square-meter warehouse while the vacant lot measures 6,000 square meters. Filinvest Land Inc. (FLI), one of the major real estate developers in the country, was the sole bidder present in the pre-bid conference facilitated by the SSS Acquired Assets Disposal Committee (AADC) and AADC Technical Working Group (TWG).



OCTOBER

SSS Website starts online issuance of social security numbers and acceptance of technical retirement applications

Workers who need to apply for their own SSS membership numbers, a mandatory requirement of private sector companies and household employers, can now do it electronically through the SSS Website instead of lining up at SSS branches. The SSS Website in October 2015 started to accept online SS number applications, and later on allowed members turning 65 years old or older to apply for technical retirement online.



SSS holds special meeting with Nagkaisa Labor Coalition

Upon the request of the Nagkaisa Labor Coalition, the SSS held a dialogue with the association officers to discuss its position on the proposed P2,000 across-the-board pension increase as well as to answer the group’s SSS-related concerns. The dialogue was held on October 8, 2015 at the SSS main office in Quezon City.



SSS and UnionBank launch Quick Card for salary loans

Top officials of SSS and Union Bank of the Philippines (UnionBank) launched the SSS-UnionBank Quick Card during a ceremony held at the SSS main office in Quezon City on October 27, 2015. The Quick Card, issued for free to salary loan-borrowers, is an automated teller machine (ATM) card that allows members to access their salary loan proceeds at ATMs, and a debit card that they can use at any Visa-accredited merchant.

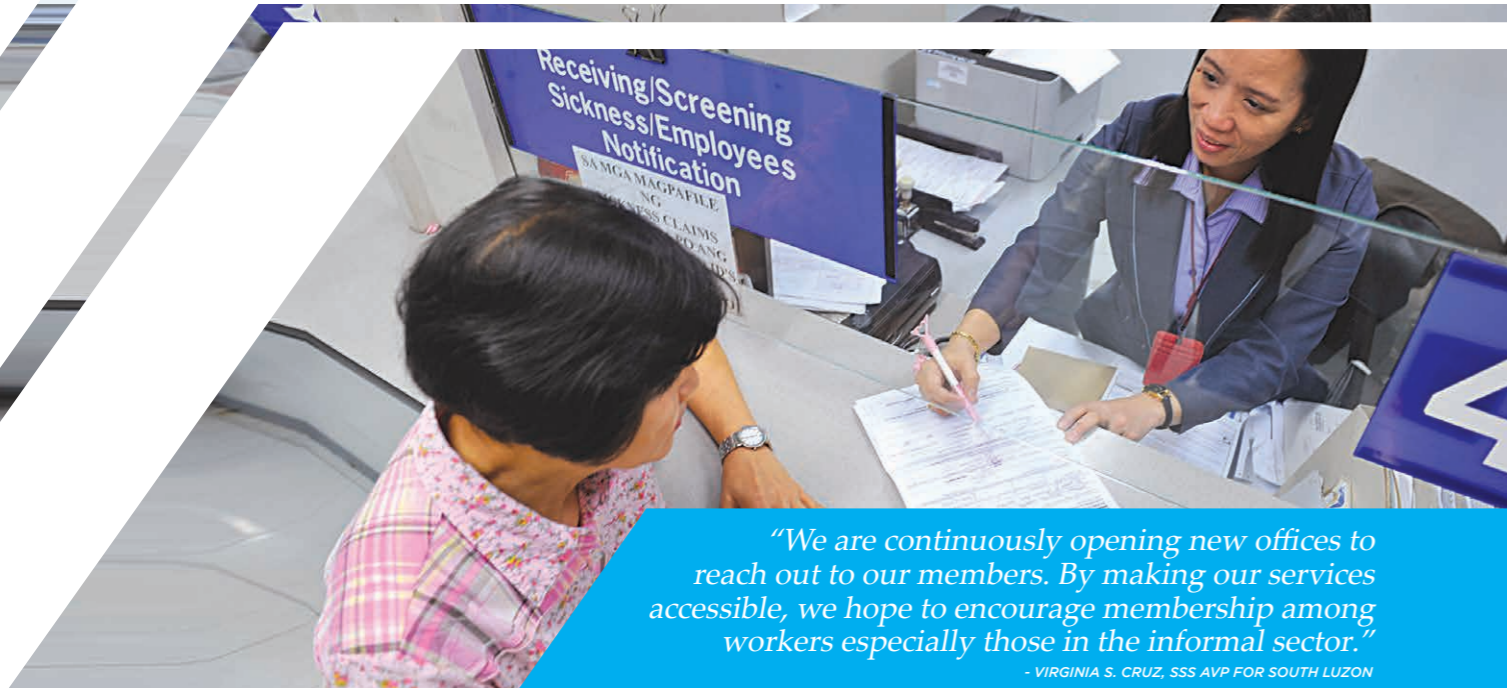


DECEMBER

DOLE-SSS ink agreement on information sharing

SSS PCEO Emilio S. de Quiros, Jr. and DOLE Secretary Rosalinda D. Baldoz signed a memorandum of agreement (MOA) on December 22, 2015 on information sharing to intensify employer compliance and pursue violators of labor and social security policies. Under the MOA, DOLE would provide the SSS with workers’ SSS-related requests for assistance and copies of final and executory orders involving employer violations of the SS Law, the contact details on employment, employees and employers involved in such cases, and allow the SSS to use documents, transcripts and evidence obtained from DOLE adjudication hearings. The SSS, on the other hand, would coordinate with DOLE Regional Directors for action on referred SSS cases, as well as update them of steps taken against the involved employers.





"We are continuously opening new offices to reach out to our members. By making our services accessible, we hope to encourage membership among workers especially those in the informal sector."

- VIRGINIA S. CRUZ, SSS AVP FOR SOUTH LUZON

SPECIAL ARTICLE:

Ensuring customer-centric SSS branches

Government offices are burdened with an unfortunate reputation of being crowded, chaotic, and uncomfortable, with the public dreading to queue for long hours before getting any service.

Mindful of this, the SSS embarked on establishing customer-centric offices to offer comfort and convenience to its millions of transacting employers, members, and beneficiaries.

SSS branch standards

In recent years, the SSS has formulated a comprehensive guide on branch standards governing the various physical aspects of its offices including site selection, building design, space allocation, furniture, facilities, and equipment to improve the delivery of services to transacting members. Approved by the SSC in 2012, these standards are anchored on best corporate practices and relevant government policies, and are updated as needed.

The creation of branch standards complements the rapid growth in the network of SSS offices. By the end of 2015, the pension fund operated a total of 268 offices all over the Philippines, including a total of 18 that were newly-created or relocated within the year, all of which are compliant with the set guidelines. Changes in existing branches were also gradually carried out to adapt to the new standards.

The first major consideration in selecting the location of a customer-centric SSS branch is its accessibility to the transacting public. The branch must be within two to three kilometers from the town or city proper, and ideally situated alongside major roads such as a National Highway. The site must also be in an area covered in asphalt or concrete rendered passable for vehicles, with its own drainage system, safe from floods and fires, and within reach of communication networks. The SSS guidelines also require ample space for parking, driveways and walkways, and landscaping.

As for the interiors, ventilation, efficiency, and functionality serve as the key considerations in space allocation and office layout. The standardized measurements for the various areas found inside each branch aim to achieve a balance between maximizing the use of available office space and ensuring the comfort of SSS

clients and employees. In determining space allocation, the prospective growth in the number of transactions for the next five years were considered, as well as the possible impact of SSS electronic/internet-based services on the volume of clients transacting in brick-and-mortar offices. The specified measurements, cost estimates and layouts depend on whether the branch is classified as small, medium, or large.

Meanwhile, three major aspects of building design were considered by the SSS, namely: 1) corporate design, 2) flexible design, and 3) eco-friendly design.

Corporate design refers to the uniformity in appearance of all branches, which helps strengthen the "SSS brand" and communicates to members and other clients that being consistent and organized are highly valued and observed by the entire system. The "corporate look" uses the Royal Blue, which is the institution's official color, as well as adopting the SSS logo in the office design and signage.

As for flexible design, the SSS considers the long-term use of its office space, hence the need for enough leeway in adapting to changes in branch operations and transactions.

The eco-friendly design, meanwhile, prioritizes the efficient use of energy, which benefits the SSS by generating additional savings, as well as showing how the institution cares for the environment by the use of energy-efficient appliances and lighting, and sustainable materials. Part of this effort is using locally-sourced materials to reduce the cost of transporting construction supplies and also to help businesses in the neighboring communities.

The branch standards also specify the types of furniture, facilities and equipment that should be available in SSS offices. These include information technology (IT) and communications equipment such as computers and laptops, photocopiers, printers, fax machines and projectors.

Compliance with standards for government agencies

As a government institution, the SSS must abide with provisions of the Anti-Red Tape Act (ARTA), which aims to minimize bureaucratic red tape and inefficiency in the delivery of services. Among the ARTA provisions that relate to the physical set up of SSS branches include the posting of the "Citizen's Charter" – a comprehensive list of the agencies' services and procedures – at highly-visible areas to inform members and the public. ARTA also requires agencies to set up Public Assistance and Complaints Desks to cater to clients with additional queries, requests for help, or complaints.

The Civil Service Commission (CSC) conducts the annual Report Card Survey (RCS) to check whether government agencies observe the ARTA-mandated policies. The report card of each government office features a section on compliance with ARTA provisions, and another section on overall client satisfaction, which covers the branch's basic facilities, physical set up, and layout.

As of end-2015, 50 SSS branches were awarded an "Excellent" rating for their exemplary frontline service delivery. Meanwhile from 2011 to 2015, a total of ten branches received the CSC Seal of Excellence Award, which is a reward system provided under the ARTA Law for government offices that garnered an "Excellent" rating in the RCS and that have no valid or unresolved ARTA-related complaint as validated by the "Contact Center ng Bayan" data. The awarded SSS branches were: Catanduanes (2011); Goa and Tabaco City (2013); Pampanga and Balanga (2014); as well as Camiling, Virac, Basilan, Vigan and Laoag (2015). SSS Cebu, meanwhile, swept CSC's "Best Brigada Ahensiya" awards in 2015 for excellence in four categories: 1) 5S Implementation; 2) Repairs, Refurbishing, and Repainting of Facilities, Furniture, and Fixtures; 3) Landscaping; and 4) Waste Segregation.



268
OFFICES
NATIONWIDE

50
SSS BRANCHES
AWARDED AN
EXCELLENT RATING
AS OF END 2015

10
SSS BRANCHES
RECEIVED CSC SEAL OF
EXCELLENCE AWARD
FROM 2011 TO 2015





"Wow, thank you SSS! May pakinabang na talaga ang inyong mga staff to accommodate inquiries. Salamat talaga, sobra, di ko na need magpila ng pagkahaba-haba sa consulado ng Pilipinas dito sa abroad dahil nasagot na nyo lahat ng katanungan ko."

- RAMIREZ MARO, OFW (SENT VIA FACEBOOK)

SPECIAL ARTICLE:

Reaching out to Filipinos Worldwide: The SSS OFW Program

As an important segment of SSS membership, overseas Filipino workers (OFWs) help boost contribution collections. From 2010 to 2015, the SSS collected a total of P17.87 billion in contributions from OFWs, while OFW-membership also continued on a steady upward pace after hitting the one-million mark in 2014. By December 2015, OFW membership totaled 1,120,493.

The key to SSS' coverage and collection drive in the OFW sector is providing overseas-based members easy access to their membership records and SSS services. SSS initiatives, such as establishing representative offices abroad, enhancing website services, opening a 24-hour dedicated contact center, uploading instructional YouTube videos, and having an official SSS Facebook page, were all pursued with the goal of reaching out to OFWs.



OFW Information-Coverage Drives

Also equally important is meeting them face-to-face and providing them first-hand information on the value of active SSS membership and continuous contributions as their savings for the future. In as much as coverage of OFWs remains on a voluntary basis under the SS Law, the SSS continues to reach out to Filipino migrant workers, convincing them on the benefits of active SSS membership even when they are overseas, as well as meeting their needs for future benefits. This is the primary reason why the SSS launched in October 2011 the "OFW Information-Coverage Drive" – a program that aims to widen SSS coverage, especially in the Middle East and Europe, where many OFWs are based.

This OFW Info-Coverage Drive has since become an annual event, with the SSS management primarily taking the time abroad to negotiate or finalize bilateral social security agreements with host countries of overseas Filipinos. The teams then conduct SSS briefing events to generate greater awareness about the importance of SSS coverage; provide on-site SSS services such as membership registration, online verification of contributions and claims status, data amendments, application for benefits and loans, and compliance with Annual Confirmation of Pensioners (ACOP); and inspection of operations and facilities of SSS representative offices and of its various collection partners abroad.

Flexi-Fund Program

The SSS also helps OFWs plan for their financial future through the SSS Flexi-Fund Program, which is offered to OFW-members on a voluntary basis. To build up their Flexi-Fund savings, OFW-members must contribute to the regular SSS program at the maximum monthly salary credit level, with any excess amount not less than P200.00 credited to their individual Flexi-Fund accounts upon enrollment. There is no initial deposit or maintaining balance requirement. Flexi-Fund contributions may be paid on a monthly, quarterly, annual, or intermittent basis,

Ipon ko, garantisadong may kita!

Sa SSS Flexi-Fund, ang pinaghirapang kitain, nalalayag sa ipong mas may pakinabang.

Pagretiro ko, mas ginhawa!
Valentino
Overseas Filipino Worker

BUTI NA LANG MAY SSS FLEXI-FUND!

Overseas Filipino Workers (OFWs) can now feel secured with their hard-earned savings.

As an addition to the regular OFW Coverage Program, the SSS FLEXI-FUND is a voluntary provident fund that is guaranteed and earns higher interest, thus providing better security for their future.

For more information, call (632) 364-7796 / 364-7798.

www.sss.gov.ph Email: ofw.relations@sss.gov.ph f SSSPh

P17.87B

2010-2015 OFWs CONTRIBUTION

1,120,493

OFW MEMBERSHIP



47,506

PAYING FLEXI-FUND MEMBERS

P532M

MEMBER'S NET EQUITY

depending on the OFW's capacity to save. All amounts accumulated in the Fund, including interest, accrue solely to the Flexi-Fund member. The program provides guaranteed returns and tax-free benefits.

To further add value to savings of Flexi-Fund members, the SSS provides higher guaranteed earnings based on whichever is higher of the average rates of two investment yields: 1) SSS' short-term peso placements; or 2) 91-day Treasury bills. Rates are also re-priced quarterly to reflect current market conditions. The SSS charges a fee of one percent per annum of individual accumulated funds to cover the management cost of investing the Flexi-Fund.

The number of paying Flexi-Fund members, or those with at least one Flexi-Fund contribution posted, rose from 34,075 in end-2010 to 47,506 by end-2015 – an increase of 39 percent. Meanwhile, members' net equity nearly doubled from P269 million in end-2010 to P532 million in end-2015. More importantly, the growth of the Flexi-Fund has helped boost the OFWs' awareness on the need to save while they are still actively employed and earning higher incomes abroad.

An added feature of the Flexi-Fund Program, called Annual Incentive Benefit (AIB), is aimed at encouraging OFW-members to keep their accounts intact in order to maximize earnings for their savings. For 2015, the SSS disbursed a total of P13.15 million in AIB to more than 40,000 qualified OFWs enrolled in the SSS Flexi-Fund Program.

Year	Total AIB Released	Highest Individual AIB Granted
2012	P 12.54 Million	P 106,498.42
2013	P 7.24 Million	P 57,097.73
2014	P 12.68 Million	P 95,819.83
2015	P 13.15 Million	P 125,458.24

The AIB is granted to members with no full Flexi-Fund withdrawals and benefit claims within the applicable year. The amount depends on the Flexi-Fund's year-end net investment income and is distributed based on the individual equity shares of all qualified members, for automatic crediting to members' respective accounts. Thus, OFW-members with higher Flexi-Fund savings get bigger AIB amounts.

The number of OFW-members who qualified for the AIB increased from 37,612 in 2014 to 40,216 in 2015. The annual yield of Flexi-Fund investments rose from 4.9 percent in 2014 to 5.1 percent in 2015. The highest individual AIB reached P125,458 in 2015, which is 31 percent more than the maximum AIB of P95,820 in 2014.

Flexi-Fund members received a total of P8.22 million in guaranteed earnings in 2015, higher than the P5.34 million credited to their accounts in 2014. The higher earnings were bolstered by the jump in the interest rate for guaranteed earnings last year to 1.8 percent from 1.3 percent in 2014.

The P13.15 million in AIB and P8.22 million in guaranteed earnings combined for a total of P21.37 million in investment income distributed to Flexi-Fund members in 2015. This is significantly higher by 19 percent from the P18.02 million credited for the AIB and guaranteed earnings in 2014.

Over the years, several hardworking OFWs have attained millionaire status due to their firm commitment to gradually build up their retirement fund thru the Flexi-Fund.

SSS foreign offices ready to serve OFWs

As of 2010, the SSS had 13 foreign representative offices (FROs) in countries with large concentrations of OFWs in Asia, Middle East, and Europe, and one branch at the Philippine Overseas Employment Administration (POEA) building in Mandaluyong City to provide services to new OFW hires awaiting

deployment and those who are rehires or returning OFWs. By end of 2015, the number of FROs had risen to 21. Normally manned by just one SSS personnel, the current FROs are now staffed with roving officers who promote SSS coverage programs more extensively, especially to OFWs located in far-flung areas. In 2015, two new FROs were opened: Kaohsiung (Taiwan) and San Francisco (United States).

OFW Contact Services Unit

While a range of communication channels for SSS queries and concerns are available for all members, the SSS saw the need to create a contact center specifically catering to OFWs. Due to their distant location and nature of employment abroad, OFWs have issues and concerns that can vary from those experienced by the majority of SSS membership who are working in the Philippines.

In 2014, the SSS established the OFW Contact Services Unit (CSU) to offer dedicated call services through local landline numbers (632) 364-7796 and 364-7798, email support using the designated e-mail address – ofw.relations@sss.gov.ph – and special desk assistance services at the SSS main office in Quezon City during regular office hours.

To provide more options for OFWs to reach the CSU, the SSS introduced in 2015 mobile calls and text through Globe (0977) 804-8668 and Smart (0998) 847-4092. Instant messaging or online chat with CSU personnel through Line, Viber, and WeChat applications are also available using these mobile numbers. International toll-free numbers were launched in November 2015 to allow OFWs in key foreign country locations to contact the CSU without incurring charges for their overseas calls to the Philippines.

The OFW-CSU accepts local and international calls, text, chats, and e-mails from 6:00 a.m. on Mondays to 6:00 a.m. on Saturdays (Philippine time), for a 24/5 contact service operations.

Bilateral Agreements ensure mutual social protection

From 2010 to 2015, the SSS, in close coordination with the Department of Foreign Affairs and the Foreign Service Posts, forged six (6) new Social Security Agreements (SSAs) between the Philippines and other countries, on top of the existing nine (9). Also known as a Bilateral SSA, this international treaty effects mutual cooperation between the two contracting countries to ensure the protection and maintenance of social security rights of their covered nationals. A typical Bilateral SSA forged

by the Philippines has the following salient provisions, consistent with International Labour Organization Social Security Conventions:

- Equality of treatment – where a covered Filipino shall be entitled to social security benefits under the same conditions as nationals of his contracting host country;
- Export of benefits – where a covered Filipino shall receive benefits wherever he decides to reside (contracting host country, Philippines, or even in a third State);
- Totalization of insurance periods – where contributions or creditable insurance periods of a covered Filipino earned in the Philippines and the host country shall be added to determine benefit eligibility and computation (based on pro-rata sharing);
- Mutual administrative assistance – where designated liaison agencies of both countries shall coordinate to extend assistance to a covered Filipino and implement SSA provisions.

Pursuing more Bilateral SSAs is critical for overseas Filipinos as it removes nationality-based restrictions in their access to social security benefits, especially pensions. In 2015, three SSAs were signed: Luxembourg, Sweden, and Japan, while the SSA with Denmark entered into force for full implementation.

ATTENTION: ALL SSS OFW MEMBERS!

Ngayon, makakausap nyo na ang OFW-CONTACT SERVICES UNIT (CSU) thru the following dedicated contact channels:

- ✓ **EMAIL SERVICES**
ofw.relations@sss.gov.ph
- ✓ **LANDLINE CALLS**
(632) 364-7796 / (632) 364-7798
- ✓ **MOBILE CALL AND TEXT**
GLOBE (0977) 804-8668
SMART (0998) 847-4092
- ✓ **INSTANT MESSAGING OR ONLINE CHAT**
(Thru Globe and Smart numbers)
- ✓ **1-800 INTERNATIONAL TOLL-FREE CALL SERVICES**
 - 001-800-0225-5777 Hong Kong, Singapore
 - 00-800-0225-5777 Malaysia, Taiwan, Italy & UK
 - 801-4275 Brunei
 - 00800-100-260 Qatar
 - 800-0630-0038 UAE
 - 800-863-0022 Saudi Arabia
 - 8000-6094 Bahrain



Tawag Na!

Available Monday 6AM, to Saturday 6AM, (PHL) Time



"Dito sa CARD, puro nanay at kababaihan ang nais namin matulungan at naniniwala tayo na sa pamamagitan ng MOA kasama ng SSS, wala na tayong dahilan kung bakit hindi pa makakapag-enrol."

- ELMA VALENZUELA, PRESIDENT, CARD, INC.

SPECIAL ARTICLE:

Expanding coverage through cooperatives and micro-finance institutions

Social protection coverage of members through cooperatives and micro-finance institutions (MFIs) is a win-win situation for all parties involved. Their SSS accreditations provide new channels for SSS payments and encourage active SSS membership among their ranks. Cooperatives and MFIs generate extra income from their activities as partner agents of SSS through a P4.00 service fee for every processed application and P6.00 for every posted transaction. More importantly, workers who are otherwise considered difficult to cover due to their distance from SSS gain a convenient and trustworthy means to transact with the SSS.

Since 2012, the SSS has accredited a total of 29 partner agents (PAs), four of which are servicing or non-collecting, another six are collecting, 17 are both collecting and servicing, and the remaining two are subsidy providers. In terms of classification, 20 out of the 29 are cooperatives; seven are MFIs, and the remaining two are government institutions as subsidy providers.

In 2015, the 18 accredited collecting partner agents (CPAs) collected a total of P21.42 million, up from P7.94 million in 2014, reflecting an increase of 170 percent in collections. Topping the list of CPAs with the highest collections is the Simbag sa Pag-Asenso, Inc. (SEDP) at P8.5 million for 2015, or an increase of 37 percent compared with its 2014 collection of P6.2 million.

Newly Accredited SSS Partner Agents in 2015

The SSS approved the accreditation of five (5) partner agents in 2015, namely: Maragusan Growers Multi-Purpose Cooperative (MAGROW MPC), Abra Diocesan Teachers and Employees Multi-Purpose Cooperative (ADTEMPCO), New Society Multi-Purpose Cooperative (NSMPC), Most Holy Rosary Multi-Purpose Cooperative (MHRMPC), and Serviamus Foundation Incorporated (SFI).

1. MAGROW MPC

MAGROW MPC was organized in 1994 by a group of banana farmers in Barangay Poblacion in Maragusan, Compostella Valley and provides services such as credit and savings, trade and labor, and manpower. MAGROW MPC has a membership coverage of 5,271 and total assets of P171 million.

2. ADTEMPCO

ADTEMPCO provides loan facilities for 15,689 members who are church-based workers in six branches located in Cordillera Administrative Region (CAR) and Ilocos Region. Following its attainment of an accreditation from SSS in 2015, a series of pre-implementation trainings are underway in 2016.

3. NSMPC

The New Society Multi-Purpose Cooperative was formed in 1995 by members of Jehovah's Witnesses who reside in Sevilla, San Fernando, La Union. Aside from offering credit services to its members, the organized group is also engaged in other businesses and a savings deposit program that offer high interest rates of 16 percent per annum. As of 2015, NSMPC has 838 members who are mostly farmers, senior citizens, overseas Filipino workers (OFWs), and teachers.

4. MHRMPC

The organized group was established in 1985 by the parish priest of the Our Lady of the Most Holy Rosary in Rodriguez (formerly Montalban), Rizal and has loan programs, medical and health services, and other forms of businesses benefiting nearly 4,000 members. With an initial capital of P10,990.00, MHRMPC was able to generate and sustain its capital shares, assets, and net income over a span of two decades, earning for the organization the distinction of being the first financially-stable multi-purpose cooperative in the province of Rizal.

5. SFI

SFI is a religious, non-stock, non-profit microfinance foundation based in Iligan City, Davao del Norte. To fight poverty, SFI implemented the Small Enterprise Development (SED) Program which has a credit scheme, loan assistance, and income generating projects to help poor families. It has 9,993 active members spread in six branches located in Iligan, Maigo, Maranding, Molave, Initao, and Malaybalay.

Center for Agriculture and Rural Development (CARD): A Promising Partner that Delivers

Founded in December 1986, CARD Inc. facilitates community-based undertakings that promote social development and improvement in quality of life among its one million members in 970 branches all over the Philippines and other parts of Asia. It was first accredited by SSS as a servicing or non-collection partner agent in 2012. In March 2015, it became an accredited CPA given its nationwide operations and rapid network expansion. One year later, it had facilitated the approval of 22,308 applications for SSS registration.

CARD Inc. contributed to the significant increase in SSS remittances from the servicing branches. During the third quarter of 2015, these branches recorded an average remittance of only about P410,000.00 until the highest monthly remittance of P1.04 million was attained in September 2015, largely bolstered by the excellent performance of CARD Inc.





SPECIAL ARTICLE: SSS takes its Corporate Social Responsibility seriously

As a social security institution that seeks to promote the welfare of the people, the SSS also supports organizations whose objectives are in consonance with its mission, thrusts, and vision through donations to these non-profit and non-stock organizations. Corporate Social Responsibility (CSR) is more than a by-word in SSS, but is second nature to its management thrusts and workforce values.

Employee Donations

Whenever the Christmas season rolls around, SSS employees voluntarily set aside a portion of their year-end bonuses to give cash donations to various civic and charitable institutions. The amount raised is matched by SSS management with a counterpart amount.

In 2015, the SSS workforce raised a total of P400,000.00 during their annual Christmas Charity Fund Drive. This was matched by a management counterpart amount of P500,000.00 for a total of P900,000.00. The SSS decided to focus its support for institutions that help cancer patients, with cancer being the third leading cause of death in the Philippines. Cash donations of P150,000.00 each were given to

six charitable institutions, namely: the Philippine Cancer Society, Inc., Madre de Amor Hospice Foundation, Inc., Philippine Foundation for Breast Care, Inc., Kythe Foundation, Inc., The Child Haus, and Cancer Warriors Foundation, Inc.

SSS CARES

Another CSR output is directed towards Calamity Assistance, Relief and Emergency Services (SSS CARES). The SSS established an annual Calamity Assistance Fund of P50 million to provide assistance in times of calamities. The Fund aims to help disaster-stricken communities through humanitarian and medical missions, including relief operations. It supports calamity victims, particularly members and pensioners, as well as affected SSS employees.

In 2015, the SSS extended financial assistance of P5.5 million, coming from the Calamity Fund, for the reconstruction of classrooms at Tanauan, Leyte that were destroyed by Super Typhoon Yolanda (Haiyan) in 2013. The SSS grant, coursed through the Department of Education, funded the building of six classrooms and the purchase of students' arm chairs and teachers' chairs and tables for the Catmon, Maghulod, and Picas elementary schools.

Members' and Employees' Welfare

The SSS is equally committed to promote the health, safety, and welfare of members and its transacting publics, as well as of its workforce. Aside from improving the design and layout of its branch offices, the SSS also installed facilities for persons with disabilities (PWDs) and senior citizens, such as wheelchair ramps with railings, PWD-friendly lavatories, and directional signages. For pensioners, several SSS branches continue to conduct Pensioners' Day events that feature health-related lectures, medical consultations, and free medicines and vitamins for pensioners.

New and existing branch offices also installed Physical Examination (PE) centers that provide privacy for members filing Sickness and Disability claims. As of December 2015, SSS has a total of 75 PE Centers in its branch offices nationwide, which facilitated a total of 958,512 transactions.

For its workforce, the SSS has Specialty Clinics that provide consultation and treatment of employees with chronic illnesses, such as Diabetes, Hypertension, Urological and Gynecological disorders, and Orthopedic cases.

Also to encourage healthy living and weight management, the SSS, in coordination with the Department of Health, ran a weight-loss challenge called "Belly Good, Belly Healthy" that was participated in by 250 employees. Regular after-work fitness sessions and various sports activities are also organized to promote employee wellness.

Finally, multiple dialogues were held through the PCEO/Employees' Forum and Union-HR Quarterly Meetings that promote regular interaction between employees with the management. A Grievance Machinery Mechanism was established to provide a proper forum wherein employees' non-performance-related grievances are resolved.

Environmental Concern

The SSS is likewise committed to manage and minimize the environmental impact of its operations. Towards this end, it focuses on energy efficiency, resource conservation and pollution prevention. Among its environment-friendly practices are: 1) proper segregation of waste; 2) responsible disposal of organic and non-organic refuse; 3) use of LED bulbs for energy-efficient lighting; and 4) installation of facilities for solar power generation and waste-water treatment.



"We must understand that promoting gender is not only about promoting women per se, but is also about closing inequalities and gaps, and redistributing roles in general."

- DAISY S. REAL, SSS AVP AND GAD COMMITTEE FOCAL POINT PERSON

SPECIAL ARTICLE:

SSS on a steady path to gender equality

The SSS, through its Gender and Development (GAD) Committee, has made impressive strides over the past years on further increasing diversity and narrowing gender gaps in the workplace.

In 2015 alone, more than 50 organization-focused and client-focused activities were implemented System-wide by the GAD Committee, which effectively positioned the SSS on a stable path towards becoming a gender-responsive and gender-sensitive institution.

Cognizant of the changing work structure and the more active role that women play in organizations, SSS, through its Performance Management and Employee Relations Department headed by Assistant Vice President and GAD Committee Focal Point Person Daisy Real, recommended and adopted various policies promoting gender equality in the workplace.



MORE THAN **50** ORGANIZATION-FOCUSED AND CLIENT-FOCUSED ACTIVITIES WERE IMPLEMENTED SYSTEM-WIDE BY THE GAD COMMITTEE

Empowerment policies

Pursuant to the directive of the Philippine Commission on Women (PCW) to institute gender responsiveness in all government agencies, the GAD Committee in 2015 developed Administrative Order No. 2015-056 and Office Order No. 2015-039, which proved to be small yet concrete steps in the fulfillment of GAD through men and women empowerment.

Respectively, said policies referred to the "Reconstitution of the SSS GAD Committee with an Addition of the Local Focal Point Persons and Their Members by Division in the Branch Operations Sector" and "SSS GAD Policy Statement and the Use of Gender Sensitive and Inclusive Workplace Language."

Top initiatives

The GAD Committee's best activities for 2015 that significantly helped increase employees' level of awareness and appreciation on gender sensitivity were:

- **SSS' participation in the National Women's Month Celebration.**

The SSS GAD Committee and other employees gathered at the Quirino Grandstand in Manila and participated in the "Sulong Juana! Human Woman's Symbol Formation." The gigantic human formation was later on declared as "The Largest Woman Symbol Formation" by the Guinness World Records.

- **Winning of Romeo Narido, CEO II of SSS San Jose in Occidental Mindoro, at the 2015 Women's Month nationwide photo contest.**

Spearheaded by the PCW and the Government Service Insurance System last March 2015, the photo contest win was not just a recognition of Narido's talent, but was an accomplishment for the SSS as well.

- **Various trainings and seminars conducted on gender sensitivity and other GAD-related topics System-wide.**

Over 1,900 employees participated in training programs that showed "how gender shapes the roles of women and men in the society, including their role in development and how it affects relations between them."

- **The GAD Focal Point System members' training.**

Dubbed "Gender Audit using the Gender Mainstreaming Evaluation Framework and Training Workshop on Gender and Development Plans and Budget," the capacity development program was held in October 2015.

Overcoming challenges

While gender inequality appears to be a non-issue in the SSS in general, given the many career opportunities available for both women and men in the institution, there are still certain challenges that need to be overcome to make SSS a more gender-responsive institution.

The GAD Committee is helping make SSS a gender-responsive institution and it remains optimistic that the SSS workforce has started to understand "the benefits of being and being seen as a gender-inclusive agency."



“Having gone through the program, it is our turn to pay back – to spread good leadership, to be effective leaders and members of a team, to be persons of competence and character, to be good mentors and coaches, and to be catalysts for continual improvement.”

– NOEL L. COYUPAN, PROFESSIONALS SECTOR DEPARTMENT, BOP BATCH 1

SPECIAL ARTICLE:

An empowered workforce through training and development, performance management

At the heart of every organization are its people. An effective organization starts with the promotion of a corporate culture marked by service, efficiency, and professionalism. This holds true for SSS, which, as of December 2015, counts some 5,800 employees in its roster, about 37 percent of them at the Head Office and the rest deployed in the System’s branches nationwide and offices abroad.

The SSS relies on its workforce to deliver its services nationwide and ensure that Filipino workers are amply covered and socially protected. In return, the System provides its workforce with ample opportunities for career advancement, professional development, and personal growth.

Structured Training Programs

To ensure leadership continuity in critical executive positions in the organization, the SSS has three flagship training programs that aim to develop the technical and leadership knowledge and skills of its workforce, depending on their professional inclinations, career paths, and management levels.

1. Branch Officership Program (BOP) at the Ateneo Graduate School of Business (AGSB), is a six-month program designed to fast-track the career path of supervisors from the branches and support units who are capable of advancement to branch officership positions. It is designed to provide participants with broader management perspectives thru familiarization with management principles, processes and skills, complimented by a comprehensive course on social security and branch operations, and an on-the-job training or branch internship.

Since its launch in April 2012, the BOP has produced five (5) batches, or a total of 115 participants, composed of highly-motivated and full-potential branch heads, most of whom have been assigned to head their own branch or service offices, or promoted from Assistant Branch Head to Branch Head. Of the 115 program graduates, 70 or 61 percent have already been promoted as Branch Heads and Assistant Branch Heads.

2. Middle Management Program (MMDP), also conducted at AGBS, is a five-week course designed to update the branch and division heads with the latest trends and practices in management. The course, also started in 2012, consists of six (6) Modules: Operations Management, Ethics, Leadership, Marketing Management, Quantitative Techniques, and Human Resource Management.

As of 2015, 159 middle managers have undergone the MMDP, three (3) of whom have been promoted from Division to Group Head, eight (8) promoted from Branch or Department head to Division Head, another eight (8) promoted to Branch Head to Level one to Level three Managerial levels, among others.

3. Basic Management Program (BMP) at the De La Salle University is designed to equip identified supervisors and professionals (i.e. lawyers, doctors, auditors, etc.) with the necessary knowledge and skills to prepare them to handle supervisory/managerial positions.

Since 2013 until August 2015, a total of 278 participants have undergone the BMP, 86 of whom attended in 2015 alone, mostly Section Head employees.

As added motivation, incentive and reward to BOP and MMDP graduates, the SSC approved in 2013 the grant of financial assistance for these graduates to complete the Master in Business Administration (MBA) program at AGBS. With their completion of the MBA program, they can then fulfill the Civil Service Commission (CSC) requirement of a Master’s degree prior to appointments to executive or managerial positions.

International Leadership and Skills Training Programs

Working in partnership with international development organizations, the SSS is able to send selected employees on study tours abroad, wherein they learn about international social security programs, practices, and developments, as well as allow them to share the Philippines’ own social protection scheme.

1. International Social Protection Studies (ISPS, formerly, International Leadership Training – Social Security/ITL-SS). One of the most active international partners of SSS is the German government through its international cooperation agency, GIZ (Deutsche Gesellschaft fuer Internationale Zusammenarbeit). Since 2010, the GIZ has annually sponsored scholarships for supervisory-level employees of social security agencies in Southeast Asia for them to study and learn from the German social insurance system. From 2010 to 2015, the GIZ sponsored a total of 14 SSS employees for their ITL-SS/ISPS Program.

2. International Conferences, Workshops, and Fora. Various international development organization and multilateral agencies – such as the International Social Security Association, the Japan International Cooperation Agency, Korea International Cooperation Agency, the International Labour Organization and others – have often invited SSS officials or employees to be either speakers or attendees to their conferences and workshops related to social security, information technology management, comparative pension systems, investment management, and other topics.

Performance Management

The SSS evaluates not only the individual performances of its workforce, but also the organizational performance of all units in terms of achieving their annual performance targets through the Strategic Performance Management System (SPMS).

Implemented in 2014, the SPMS is in line with the performance management model from the CSC. The SPMS promotes organizational effectiveness and individual employee efficiency by establishing institutional accountabilities among organizational units, thereby producing quantifiable and qualified basis for performance targets and measures, as well as for the performance-based tenure and incentive system.

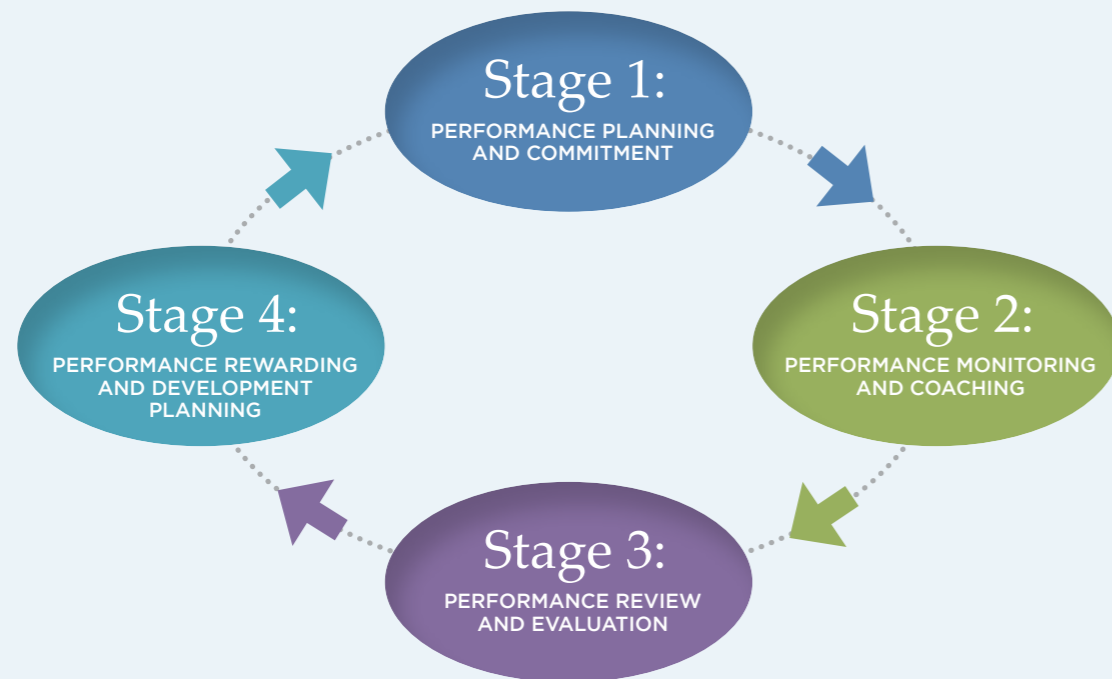
Starting 2015, the SSS uses the four-phased SPMS (see figure below) to provide a scientific and verifiable basis in assessing and improving the performance of its employees and the effectiveness of the System's plans and programs. This strengthens the culture of performance and accountability. Performance evaluation of executives are done annually, and semi-annually for non-managerial positions.

The SSS formally implemented the SPMS in July 2015. At the same time, standard Individual Performance and Commitment Review (IPCR) templates were developed for the Medical Operations Department, the Processing Centers of Central Processing Group, and for administrative staff positions.

To ensure alignment with corporate goals, accomplishments of the 2015 Office Performance and Commitment Review were reported by the Corporate Policy and Planning Department, and those in the IPCR by the Performance Management and Employee Relations Department. Results of the SPMS were used as basis and determinants for individual performance-based rewards for 2015.

5,800
EMPLOYEES AS OF
DECEMBER 2015

37%
AT THE HEAD OFFICE



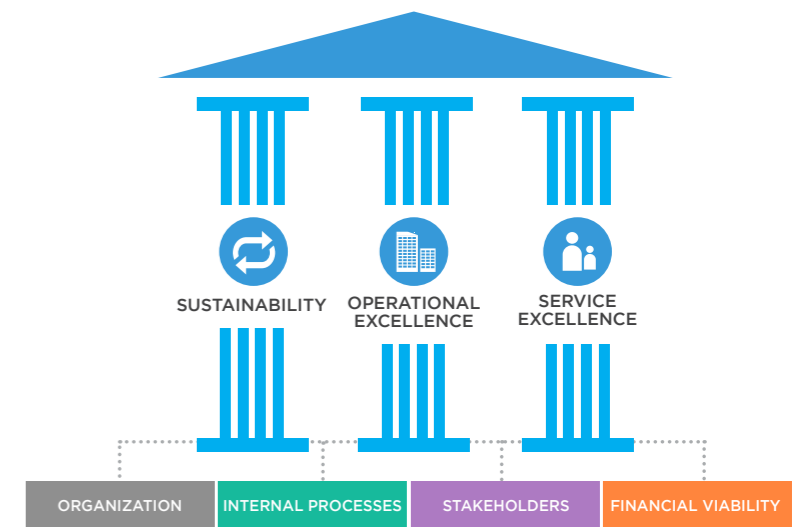
PROSPECTS FOR 2016:

Sustaining and Strengthening the Three Pillars of Excellence

As implemented over the past years, the Three Pillars of Excellence in SSS identify the areas in which SSS must excel in order to achieve its vision. The **Pillar of Sustainability** ensures that member contributions, investments, and other income are at least enough to cover benefits payments and operating expenses on a sustainable basis. The **Pillar of Operational Excellence** focuses on the continual improvement of the organization in terms of the skills and values instilled among its workforce, and the efficiency in facilitating the current activities and processes in the workplace. Lastly, the **Pillar of Service Excellence** promotes programs and objectives towards achieving its vision to provide world-class service to its members in terms of both quality and delivery. These are the strategic themes that form the business model of SSS.

As the Three Pillars of Excellence set and define governance standards in all fundamental aspects of SSS operations, 2016's plans and programs aim to ensure excellence in growth and sustainability at all four (4) strategic perspectives, across which the System maneuvers: the **Organization**, its **Internal Processes**, the **Stakeholders** and its **Financial Viability**.

Buoyed by the expected growth of the economy in 2016, supported by the performance of the macroeconomic fundamentals such as interest rate, inflation rate and exchange rate, the following are the 2016 plans and programs of the SSS, which are all anchored upon the Three Pillars of Excellence.



Improve Service Delivery

The SSS is committed to continuously provide a member-centric environment by giving additional avenues to expedite services to its members. In 2016, SSS intends to accommodate more clients and maximize the volume of transactions without compromising the convenience and the quality of service to its members. Thus, SSS plans to establish or relocate 15 additional branches and create five (5) new mall-based service offices to help decongest the existing branches. In addition, SSS aims to renovate ten (10) branches and create ten (10) new Physical Examination (PE) centers, thereby making it more convenient for the members to transact and file their claims. Meanwhile, in view of the increasing number of OFWs worldwide, one new (1) foreign office is expected to be operational before the end of 2016.



Focused on automating priority processes given innovations in Information Technology (IT), the SSS plans to continuously enhance and develop its IT systems and procedures towards self-service and paper-less transactions. Benefits disbursement thru-the-bank for Funeral and lump sum Disability payments and check-less loan disbursements with Unionbank of the Philippines and Citibank will be implemented. The anticipated improved efficiency and safety in the payment of benefits and release of loans is expected to generate savings in operating costs for SSS. To further widen payment channel options for members, online payment of contributions and loan amortizations using credit/debit card will also be implemented in 2016.

Members can expect additional functionalities in the SSS Website such as online amendment of membership data such as contact number, residential address and e-mail address, and online submission of employer reports on their new employees (eR1A). A benefit calculator will also be made available in the Website to provide members an estimated amount of benefits that they can avail, given their contributions history. Also, notice vouchers, rejection and denial letters to members and employers will be sent out electronically, while the implementation of the SSS Text Blast "Reminders" would notify members of their payment due date, billing details, and other relevant information.

Simulated Retirement Calculator			
Member Information		Date of Computation: 7 November 2016	
SS Number	05-0891925-6	Date of Coverage	10-1999
Member Name	MARIE GRACE VENUS ANTIGA	Date of Birth	27 September 1980
Total Number of Posted Monthly Contributions	148	Age	36
Amount of Last Posted Contribution	1,768.00		
Applicable Month of Last Posted Contribution	09-2014		
*The estimated amount of retirement benefit is just an estimate and may differ from the actual amount of your retirement benefit.			
Monthly Contribution	Monthly Salary Credit	Amount of Benefit at Age 60 (60-27-2040) PENSION	Amount of Benefit at Age 65 (65-27-2040) PENSION
1,768.00	10,000	11,634.40	13,234.40

In pursuit of world-class quality of services and processes within the organization, SSS is set to expand the scope of its quality management system for ISO Certification on Registration Process to 15 additional branches, as well as maintain ISO Certifications of the current 11 ISO-certified branches. In addition, two (2) branches are set to achieve ISO Certification on DDR Process.

Another project for 2016 is the "Service on Wheels" (SOW), a mobile SSS office that is expected to roam across the National Capital Region (NCR) to offer a range of services for members including SS number verification, membership-related transactions, benefit claims application, Annual Confirmation of Pensioners (ACOP), and validation of UMID card application.



Increase Customer Satisfaction

Keeping customers satisfied is vital in any organization, and the only way to know how satisfied they are is by carrying out a customer satisfaction survey. The end goal of a customer satisfaction survey is to get actionable customer feedback that can be used to improve the overall customer experience. Determining customers' expectations or the importance they attach to the different attributes is important, otherwise, resources could be spent trying to raise satisfaction levels on things that do not matter.

As such, SSS plans to conduct a nationwide dedicated survey on customer satisfaction in various SSS services to be administered by a third party. Related to this, SSS also aims to achieve ARTA-compliant processing times for various benefit claims. SSS will also conduct the pilot implementation of the Branch Visit Satisfaction System in three (3) branches, which aims to immediately measure the satisfaction level of visiting members as they transact with SSS front liners.



The SSS will also acquire and set up additional Self-Service Information Terminals (SSITs) for local and foreign offices and offsite locations, which will enable members to access their records and transact electronically using their UMID cards. In addition, SSS mobile applications will soon be developed and implemented to enable members to access and inquire their records through their smartphones. This will further reduce the queue of SSS members filing at the branches and at the same time offer the distinct advantages of reach, convenience, and affordability.

Other major service enhancements include the Branch Queuing Management System and the enhanced Loans Management System. Streamlining claims processing system will remain on top of SSS priorities as it implements the Death, Disability and Retirement (DDR) Process Workflow System and the Funeral, Sickness and Maternity Process Workflow System.

Improve Compliance of Employers and Members

Results of the 2015 Labor Force Survey conducted by the Philippine Statistics Authority, revealed that around 41% of the country's total employment belongs to the informal sector, the definition of which includes self-employed persons without any paid employee, as well as employers and unpaid family workers in own-family-operated farm or business. Meanwhile, the Philippine Development Plan 2011-2016 cites the limited social security coverage among the members of the informal sector as a priority area for reform.

This is why the accreditation of more cooperatives, micro-finance institutions (MFIs) and informal sector (IS) associations as partner agents shall remain a top priority for SSS in 2016. Added to this, agreements with professional groups and government agencies shall be pursued to cover more Job Order and Contractual (JO/C) employees, respectively. This is to ensure social protection of those who are not considered regular government employees and are thus, not covered by the Government Service Insurance System (GSIS). The SSS also aims to pursue administrative agreements for Social Security (SS) and Employees' Compensation (EC) coverage of Filipino staff of foreign entities in the Philippines. In addition, accreditation of local government units as collecting partners for the implementation of MuniSSSipyo Program shall be expanded in unbanked areas. All these are geared towards intensification of SSS coverage towards universal coverage.

Employer compliance with the SS Law remains a major challenge. SSS Account Officers and lawyers continue to work together to intensify collection of contribution delinquencies by monitoring compliance and filing of cases against employers for violations of the SS Law.

Finally, SSS shall continue to raise and strengthen the public's awareness on the value of SSS membership through extensive mass media campaigns and other multimedia information avenues. Effective member education will result to an improvement in coverage and increase in contribution collections.

Effectively Manage and Sustain the Fund

The SSS is guided by the following major investment goals: (1) to sustain the fund life, (2) to ensure safety, liquidity, and yield; and (3) to contribute to the socio-economic development of the country through its financing programs.

To achieve these investment goals, SSS shall endeavor to diversify its portfolio and benchmark on comparative investment classes by starting to outsource fund management. The SSS also plans to implement the Investment Management System

(IMS) to improve and standardize the investment management processes, thereby allowing SSS to invest its assets in identified markets for valuable returns, and effectively manage its real estate properties, securities, bonds and loan portfolios. It will also enable SSS to meet its requirements in automating its current manual processes, integrating multiple data sources, reinforcing data security and integrity, and providing information needed for management's decision making.

Tasked to maximize its investment income for 2016, the Investments Sector plans to invest in foreign currency bonds issued by local companies, and to trade corporate fixed income instruments to maximize profits and return on investment (ROI).

SSS shall also acquire a Real Property and Lease Management System to efficiently manage and monitor its real property investments, particularly the bidding out of identified SSS properties.

Build a More Strategically Responsive Organization

Human Resources represent and uphold the mission and vision of an organization, and plans and programs cannot be carried out if the workforce is not properly complemented. Hence, the 2016 SSS Staffing Plan will be implemented to fill up vacancies with only the most competent, qualified, and driven employees. It will also focus on establishing competency levels through the preparation of competency tables, matrices and profiles of the SSS' workforce. The competency levels shall be the basis in assessing a candidate's fitness to a particular position, and can help in identifying which trainings and other human resource interventions are necessary to better equip an employee in handling the responsibilities of his position. Moreover, SSS will continue to invest on human resource development by providing trainings as contained in the 2016 Corporate Training Plan.

SSS is also set to implement the Human Resource Information System (HRIS) Project, which aims to effectively manage and monitor the workforce. With processes concerning employee services automated, this would result to faster facilitation of compensation, benefits, leave credits, and other employee matters with minimal room for human error.

Lastly, the SSS will implement a service quality culture that promotes service quality awareness and commitment among all employees.



Statement of Management's Responsibility for Financial Statements

The management of the Social Security System is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015 and 2014, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Social Security Commission reviews the consolidated financial statements before such statements are approved and submitted to the President of the Philippines and to the Congress of the Philippines.

Commission on Audit, the legally mandated independent auditors, has examined the financial statements of the SSS in accordance with Philippine Standards of Auditing and has expressed its opinion on the fairness of presentation upon completion of such examination.


JUAN B. SANTOS
Chairman
SS Commission


EMILIO S. DE QUIROS, JR.
President and CEO


ELVIRA G. ALCANTARA-RESARE
Senior Vice President
Controllership Group

Independent Auditor's Report



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

THE SOCIAL SECURITY COMMISSION

Social Security System
East Avenue, Diliman, Quezon City

Report on the Financial Statements

We have audited the accompanying financial statements of the Social Security System, which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of profit or loss and other comprehensive income, statements of changes in reserves and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entry's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Social Security System as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 8 to financial statements stating that the Receivables – Collecting Banks/Collecting Agents account balance as of December 31, 2015 was presented net of the negative balances totaling to P11.337 billion and P994.637 million as of December 31, 2015 and 2014, respectively. In CY 2015, the negative balances were primarily due to CB/CA collections amounting to P8.853 billion not posted and not updated to the appropriate fixed Bank and Branch Codes after merger of major collecting banks. Appropriate adjustments were made in May 2016 to reclassify such negative balances in the subsidiary ledgers of CBs/CAs. The remaining negative balance totaling to P2.783 billion were due to timing difference in the submission of collection documents and remittances for electronic collection reports that did not pass validation criteria. The unposted and not updated collection data files resulted in the unrecorded premium contributions or loan repayments of undetermined amounts. There are on-going initiatives to address and map out said negative balances.

We also draw attention to Note 19 on Other Current Liabilities – Member Loans Collections of P1.399 billion representing collections of loan amortizations that have not been posted to members' subsidiary ledgers and other accounts pending receipt of the collecting agencies/employers' documents and actual distribution of collections. The unposted loan collections will result in the overstatement of assets and liabilities, understatement of reserves and further affect the accuracy of the members' subsidiary ledgers and the amount of members' benefits and claims. There are also on-going initiatives to resolve the issues of unposted loan collections.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 and 19-2011 in Note 31 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of the Management of SSS. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT


ROCHIE J. FELICES
 Supervising Auditor

May 19, 2016

Statements of Financial Position

(in Philippine Peso)

	Note	Years ended 31 December	
		2015	2014
ASSETS			
Current assets			
Cash and cash equivalents	4	19,112,368,217	14,083,905,111
Held-to-maturity investments	5	23,447,522,042	17,133,909,303
Held-for-trading financial assets	2.1b, 6	4,295,367,446	3,926,486,365
Loans and receivables	7	548,782,374	698,177,808
Other receivables	8	7,663,422,547	10,178,110,135
Other current assets	9	300,476,320	165,314,847
		55,367,938,946	46,185,903,569
Non-current assets			
Financial assets	2.1b, 10	358,376,203,072	354,840,305,710
Investment property	11	19,488,937,709	17,956,117,270
Property and equipment - net	12	4,414,892,489	3,155,817,280
Intangible assets - net	13	141,272,897	127,447,442
Non-current assets held for sale	14	4,386,197,083	4,331,335,842
Other non-current assets	15	2,223,852,256	567,996,129
		389,031,355,506	380,979,019,673
Total assets		444,399,294,452	427,164,923,242
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	16	4,060,149,416	3,935,637,573
Funds held in trust	17	765,881,517	601,712,695
Deferred income	18	47,346,854	40,414,297
Other current liabilities	19	2,018,275,379	2,412,024,481
		6,891,653,166	6,989,789,046
Non-current liabilities			
Accrued retirement benefits	20	1,501,493,328	1,498,874,327
Rent payable	21	18,455,690	8,667,336
Deferred income	22	463,314,857	351,067,005
		1,983,263,875	1,858,608,668
Total liabilities		8,874,917,041	8,848,397,714
RESERVES	23	435,524,377,411	418,316,525,528
Total liabilities and reserves		444,399,294,452	427,164,923,242

See accompanying notes to financial statements.

Statements of Profit or Loss and Other Comprehensive Income

(in Philippine Peso)

	Note	Years ended 31 December	
		2015	2014
Revenues			
Members' contribution		132,615,001,628	120,650,176,296
Investment and other income	24	29,486,866,666	34,530,627,499
		162,101,868,294	155,180,803,795
Expenditures			
Benefit payments	25		
Retirement		63,084,598,735	56,086,469,443
Death		34,793,885,370	33,530,284,836
Maternity		5,213,138,153	4,416,251,890
Disability		4,152,579,448	3,762,793,936
Funeral grant		3,073,285,313	2,914,563,179
Sickness		2,226,135,701	1,870,977,839
Medical services		15,973,343	16,739,338
Rehabilitation services		1,224,384	655,594
		112,560,820,447	102,598,736,055
Operating expenses			
Personnel services	26	5,755,113,245	5,467,378,562
Maintenance and other operating expenses	27	3,091,267,562	2,646,243,286
		8,846,380,807	8,113,621,848
Total expenditures		121,407,201,254	110,712,357,903
Net revenue/profit for the year		40,694,667,040	44,468,445,892
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets			
Reclassification adjustments	23.3	(167,841,422)	(1,837,245,940)
Net gain/(loss) on fair value adjustment	23.3	(24,362,335,815)	4,092,599,826
Net gain on revaluation of land		1,122,325,680	-
		(23,407,851,557)	2,255,353,886
Total comprehensive income for the year		17,286,815,483	46,723,799,778

See accompanying notes to financial statements.

Statements of Changes in Reserves

(in Philippine Peso)

	Note	Reserve fund	Investments revaluation reserve	Flexi-fund members' equity	PESO fund members' equity	Property revaluation reserve	Contingent surplus	Donated property	Total Reserves
Balance at January 1, 2014		359,919,929,242	9,626,545,031	391,855,048		1,763,625,900	7,040,647	11,391,980	371,720,387,848
Changes in reserves for the year									
Corporate operating budget of:									
Employees' Compensation Commission		(69,876,100)	-	-		-	-	-	(69,876,100)
Occupational Safety and Health Center		(106,198,152)	-	-		-	-	-	(106,198,152)
Contribution		-	-	77,521,804		-	-	-	77,521,804
Withdrawal		-	-	(29,628,291)		-	-	-	(29,628,291)
Guaranteed income		-	-	5,337,786		-	-	-	5,337,786
Management cost of investment		-	-	(4,015,106)		-	-	-	(4,015,106)
Annual incentive benefit		(8,040,386)	-	7,236,347		-	-	-	(804,039)
Total comprehensive income for the year		44,468,445,892	2,255,353,886	-		-	-	-	46,723,799,778
BALANCE AT DECEMBER 31, 2014	23	404,204,260,496	11,881,898,917	448,307,588	-	1,763,625,900	7,040,647	11,391,980	418,316,525,528
Balance at January 1, 2015		404,204,260,496	11,881,898,917	448,307,588	-	1,763,625,900	7,040,647	11,391,980	418,316,525,528
Changes in reserves for the year									
Corporate operating budget of:									
Employees' Compensation Commission		(71,150,494)	-	-		-	-	-	(71,150,494)
Occupational Safety and Health Center		(83,518,400)	-	-		-	-	-	(83,518,400)
Contribution		-	-	93,820,752	6,484,000	-	-	-	100,304,752
Withdrawal		-	-	(26,870,360)		-	-	-	(26,870,360)
Guaranteed income		-	-	8,218,450		-	-	-	8,218,450
Management cost of investment		-	-	(4,538,514)		-	-	-	(4,538,514)
Annual incentive benefit		(14,090,344)	-	12,681,310		-	-	-	(1,409,034)
Reclassification of Property and Equipment-land to investment property		6,863,225	-	-		(6,863,225)	-	-	-
Total comprehensive income for the year		40,694,667,040	(24,530,177,237)	-	6,484,000	1,122,325,680	-	-	17,286,815,483
BALANCE AT DECEMBER 31, 2015	23	444,737,031,523	(12,648,278,320)	531,619,226	6,484,000	2,879,088,355	7,040,647	11,391,980	435,524,377,411

See accompanying notes to financial statements.

Statements of Cash Flows

(in Philippine Peso)

	Note	Years ended 31 December	
		2015	2014
Cash flows from operating activities			
Members' contribution		132,615,001,628	120,650,176,296
Investment and other income	24	24,006,657,657	22,157,725,784
Payments to members and beneficiaries		(112,560,881,711)	(102,605,612,681)
Payments for operations		(8,515,355,684)	(8,038,970,506)
Operating income before changes in operating assets and liabilities		35,545,421,890	32,163,318,893
(Increase)/decrease in operating assets			
Held-for-trading financial assets		(1,867,431,032)	463,458,484
Receivables	7	1,269,801,216	(1,526,259,637)
Other operating assets		(1,864,776,543)	189,054,633
Increase/(decrease) in operating liabilities			
Funds held in trust		164,168,822	100,746,300
Other current liabilities		(393,749,102)	(4,054,619,104)
Net cash generated from operating activities		32,853,435,251	27,335,699,569
Cash flows from investing activities			
Loan releases and other investment purchases, net		(27,356,719,766)	(30,753,904,779)
Acquisition of property and equipment, net	12	(309,599,740)	(299,270,675)
Acquisition of intangible assets, net	13	(79,689,038)	(20,816,850)
Net cash used in investing activities		(27,746,008,544)	(31,073,992,304)
Cash flows from financing activities			
Corporate operating budget of:			
Employees' Compensation Commission		(71,150,494)	(69,876,100)
Occupational Safety and Health Center		(83,518,400)	(106,198,152)
Flexi-fund members' equity			
Contribution		93,820,752	77,521,804
Withdrawal		(26,870,361)	(29,628,291)
Guaranteed income		8,218,450	5,337,786
Management cost of investment		(4,538,514)	(4,015,106)
Annual incentive benefit		(1,409,034)	(804,038)
PESO fund equity			
Contribution		6,484,000	-
Net cash used in financing activities		(78,963,601)	(127,662,097)
Net increase/(decrease) in cash and cash equivalents		5,028,463,106	(3,865,954,832)
Cash and cash equivalents at beginning of the year	4	14,083,905,111	17,949,859,943
Cash and cash equivalents at end of the year	4	19,112,368,217	14,083,905,111

See accompanying notes to financial statements.

Notes to Financial Statements

1. REPORTING ENTITY

The Social Security System (SSS) administers social security protection to workers in the private sector. Social security provides replacement income for workers in times of death, disability, sickness, maternity and old age. On 1 September 1957, the Social Security Act of 1954 was implemented. Thereafter, the coverage and benefits given by SSS have been expanded and enhanced through the enactment of various laws. On 1 May 1997, Republic Act (RA) No. 8282, otherwise known as the "Social Security Act of 1997", was enacted to further strengthen the SSS. Under this Act, the government accepts general responsibility for the solvency of the SSS and guarantees that prescribed benefits shall not be diminished. Section 16 of the Social Security Act of 1954 as amended by RA 8282 (SS Law) exempts the SSS and all its benefit payments from all kinds of taxes, fees or charges, customs or import duty.

The SSS is a financial institution in the Philippines. Its principal office is in East Avenue, Quezon City.

The financial statements include the accounts of Employees' Compensation and State Insurance Fund, which is being administered by the SSS, as provided for by Presidential Decree (PD) No. 626, as amended. All inter-fund accounts have been eliminated.

The accompanying financial statements as of and for the year ended December 31, 2015 (including the comparative financial statements as of and for the year ended December 31, 2014) were approved and authorized for issue by the Social Security Commission (SSC) on May 19, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

a. Statement of compliance

The financial statements of the SSS have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

- financial assets at fair value through profit or loss are measured at fair value
- marketable securities classified as available-for-sale are measured at fair value
- investment properties are measured at fair value; and
- land under property and equipment are measured at revalued amount

c. Estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

d. Segment reporting

For management purposes, financial statements are prepared based on the funds managed by the Social Security System (SSS) as follows:

• Social Security Fund

Under Section 9 of RA No. 8282, coverage in the SSS shall be compulsory upon all private employees not over 60 years of age and their employers, household-helpers earning at least P1,000 a month, and self-employed persons, regardless of trade, business or occupation, with an income of at least P1,000 a month. It also allows voluntary coverage of separated members, overseas Filipino workers (OFWs) and non-working spouses of SSS members.

It is mandatory for the covered employees and employers, household helpers and their employers, and self-employed persons to pay their monthly contributions in accordance with the SSS Contribution Schedule and to remit the same to the SSS on the payment deadline applicable.

The Social Security program is a defined-benefit program, which simply means that the contribution rate is based on a specified benefit package. The funding method of the SSS uses the Scaled Premium Method; meaning, an earning-related contribution rate is set such that over a certain period of time, the fund is able to cumulate reserves.

Under Section 26-B of RA No. 8282, the SSS, as part of its investment operations, acts as insurer of all or part of its interest on SSS properties mortgaged to the SSS, or lives of mortgagors whose properties are mortgaged to the SSS. For this purpose, a separate account known as the "Mortgagors' Insurance Account" (MIA) was established wherein all amounts received by the SSS in connection with the aforesaid insurance operations are placed in the said account.

Under Section 4.a.2 of RA No. 8282, a voluntary provident fund for overseas Filipino workers was authorized. The supplementary benefit program known as the "Flexi-Fund" was established and approved by the Social Security Commission (SSC) under Resolution No. 288 dated April 18, 2001 and by the President of the Philippines on September 17, 2001.

Membership to the Flexi-Fund is on a voluntary basis for those with at least P16,000 monthly earnings either covered under existing program or new entrant with requirement of initial contributions to the SSS program. Voluntary membership starts upon first payment of contribution to the supplementary program.

Another voluntary provident fund program is the Personal Equity and Savings Option (PESO) Fund which was established and approved by the SSC on March 16, 2011 under Resolution No. 349 and by the President of the Philippines on June 6, 2011. It is offered exclusively to SSS members in addition to the regular SSS program. It aims to provide SSS members the opportunity to receive additional benefits based on their capacity to contribute more.

Membership to the PESO Fund is open to all employees, self employed, voluntary and OFW members who have met the following qualifications: (a) below 55 years of age; (b) have paid contributions in the regular SSS program for at least six consecutive months within the 12-month period immediately prior to the month of enrollment; (c) should be paying the maximum amount of contributions under the regular SSS program; and (d) have not filed claim under the regular SSS program. Membership begins with the payment of the first contribution to the PESO Fund. Each member shall be allowed a maximum contribution of P100,000 per annum and a minimum of P1,000 per contribution.

A seed capital of P50 million to fund the initial investment activities of the PESO Fund was approved by the SSC under Resolution No. 79 dated January 21, 2015.

- **Employees' Compensation and State Insurance Fund**

The Employees' Compensation Commission (ECC), a government corporation, is attached to the Department of Labor and Employment for policy coordination and guidance. It was created in November 1, 1974 by virtue of PD 442 or the Labor Code of the Philippines. It, however, became fully operational with the issuance of PD 626 which took effect January 1, 1975.

The ECC is a quasi-judicial corporate entity created to implement the Employees' Compensation Program (ECP). The ECP provides a package of benefits for public and private sector employees and their dependents in the event of work-connected contingencies such as sickness, injury, disability or death.

The State Insurance Fund (SIF) is established to provide funding support to the ECP. It is generated from the employers' contributions collected by both GSIS and SSS from public and private sector employers, respectively.

Coverage in the SIF shall be compulsory upon all employers and their employees not over 60 years of age. Provided, that an employee who is over 60 years of age and paying contributions to qualify for the retirement of life insurance benefit administered by the System shall be subject to compulsory coverage.

2.2 Adoption of New and Amended PFRS

a. Effective in 2015 that are relevant to the Company

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS and Philippine Interpretations which the SSS adopted effective for annual periods beginning on or after January 1, 2015:

- Amendment to PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets* – The amendment requires the disclosure of judgments made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of the total of the reportable segments' assets to the entity's assets are required only if the segments assets are reported regularly.
- Amendment to PAS 16, *Property, Plant and Equipment – Revaluation Method – Assets – Proportionate Restatement of Accumulated Depreciation*, and PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Amortization* – The amendments clarify how the gross carrying amount and the accumulated depreciation/amortization are treated where an entity uses the revaluation model.
- Amendment to PAS 40, *Investment Property – Clarifying the Inter-relationship between PFRS 3, Business Combination*, and PAS 40 when *Classifying Property as Investment Property or Owner-occupied Property* – The amendment clarifies the interrelationship of PFRS 3 and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of assets in accordance with PAS 40 or a business combination in accordance with PFRS 3.
- Amendments to PFRS 13, *Fair Value Measurement – Short-term Receivables and Payables and Portfolio Exception* – The amendment clarifies that the portfolio exception in PFRS 13 – allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis – applies to all contracts (including non-financial) within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* or PFRS 9, *Financial Instruments*.

The adoption of the foregoing new and revised PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

b. Effective in 2015 that are not relevant to the Company

- Amendments to PFRS 2, *Share-based Payment* – The amendments redefine 'vesting conditions' and 'market conditions', and adding the new definition of 'performance condition' and 'service condition'.
- Amendment to PAS 24, *Related Party Disclosures – Key Management Personnel* – The amendment clarifies how payments to entities providing key management personnel services are to be disclosed.

The adoption of the above accounting policies is not relevant to SSS.

c. Effective Subsequent to 2015 but not Adopted Early

Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2015 and have not been applied in the preparation of the financial statements are summarized below.

Effective annual periods beginning on or after January 1, 2016:

- Amendments to PAS 1, *Presentation of Financial Statements* – The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
- Amendments to PAS 16, *Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation*, and PAS 38, *Intangible Assets – Classification of Acceptable Methods of Amortization* – The amendments and guidance clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.
- Amendments to PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements* – The amendments reinstate the equity method option allowing entities to use the equity method in accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.
- Amendments to PFRS 10, IFRS 12, *Disclosures of Interest in Other Entities*, PAS 27 – *Investment Entities: Applying the Consolidation Exception* – The amendments clarify the application of the consolidated exception for investment entities and their subsidiaries.

Effective for reporting periods beginning or after January 1, 2018:

- PFRS 9, *Financial Instruments* - PFRS 9 requires an entity to classify financial assets as subsequently measured at either amortized cost or fair value on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. A financial asset shall be measured at amortized cost if both of the following conditions are met: (a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, an entity may irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

A financial asset shall be measured at fair value unless it is measured at amortized cost.

A gain or loss on a financial asset that is measured at fair value shall be recognized in profit or loss. However, at initial recognition an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. If an entity makes the election, it shall recognize in profit or loss dividends from that investment when the entity's right to receive payment of the dividend is established.

The SSS is yet to assess PFRS 9's full impact and it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

2.3 Financial assets

a. Date of recognition

The SSS initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the SSS becomes a party to the contractual provisions of the instrument.

b. Initial recognition

The SSS initially recognizes a financial asset at fair value. Transaction costs are included in the initial measurement, except for financial assets measured at fair value through profit or loss.

c. Determination of fair value

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices. When current bid prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis and option pricing models.

d. Classification

The SSS has the following non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

d.1 Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL consist of held-for-trading financial assets. Held-for-trading financial assets are financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short-term profit taking.

Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein are recognized in profit or loss.

d.2 Held-to-maturity (HTM) financial assets

HTM financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity for which there is the positive intention and ability to hold to maturity. They are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, HTM investments are measured at amortized cost using the effective interest method, less any impairment in value.

Gains and losses are recognized in profit or loss when the HTM financial assets are derecognized or impaired, as well as through the amortization process.

d.3 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at cost or amortized cost less impairment in value.

A loan or receivable is deemed impaired when it is considered that it will probably not be possible to recover all the amounts due according to the contractual terms, or equivalent value. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that such loans and receivables are impaired.

d.4 Available-for-sale (AFS) financial assets

AFS financial assets are non-derivative financial assets that are designated as AFS and that are not classified in any of the other categories. Subsequent to initial recognition, AFS financial assets are carried at fair value in the statement of financial position. Changes in the fair value of such assets are recognized in other comprehensive income and presented within reserves in the unrealized gain or loss on AFS financial assets portion. When an AFS financial asset is derecognized, the cumulative gains or losses are transferred to profit or loss and presented as a reclassification adjustment within the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognized in profit or loss when the right to receive payments is established.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from reserves to profit or loss and presented as a reclassification adjustment within the statement of comprehensive income. Reversals in respect of equity instruments classified as AFS are not recognized in profit or loss.

e. Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the SSS either has transferred substantially all risks and rewards of ownership or has neither transferred nor retained substantially all the risks and rewards of ownership, but has transferred control of the asset.

f. Derivative financial instrument

The SSS enters into a derivative financial instrument to manage its exposure to foreign exchange risk. Derivatives are initially recognized at fair value at the date the derivative contract is entered into and is subsequently remeasured to their fair value at the end of each reporting period.

2.4 Cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of 90 days or less and are subject to an insignificant risk of change in value.

2.5 Supplies and materials

Supplies and materials are valued at cost using the weighted average cost method.

2.6 Investment property

Investment property account consists of property held to earn rentals and/or for capital appreciation.

An investment property is initially measured at cost, including transaction costs. Such cost should not include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy. After initial recognition, it is measured at fair value with any change therein recognized in profit or loss.

Transfers to or from investment property are made when there is a change in use, evidenced by:

- commencement of owner-occupation
- end of owner-occupation
- commencement of an operating lease to another party

2.7 Property and equipment

Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment in value. Land is carried at revalued amount. Increase in value as a result of revaluation is credited to reserves under property valuation reserve unless it represents the reversal of a revaluation decrease of the same asset previously recognized as an expense, in which case it is recognized as income. On the other hand, a decrease arising as a result of a revaluation is recognized as an expense to the extent that it exceeds any amount previously credited to property valuation reserve relating to the same asset.

Cost includes all costs necessary to bring the asset to working condition for its intended use. This would include not only its original purchase price but also costs of site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site.

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the SSS, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation is calculated over the depreciable amount less its residual value. It is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives of property and equipment are as follows:

Assets	Useful Life
Building/building improvements	10-30 years
Furniture and equipment/computer hardware	5-10 years
Land improvements	10 years
Transportation equipment	7 years
Leasehold improvements	10-30 years or the term of lease whichever is shorter

Property and equipment except land have residual value equivalent to 10 per cent of the acquisition/appraised value.

Construction in progress (CIP) represents building and building/leasehold improvements under construction and is stated at cost. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

2.8 Intangible assets

Acquired computer software/licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Computer software/licenses with finite lives are amortized on a straight-line basis over their estimated useful lives, while those with indefinite useful lives or those used perpetually or for as long as there are computers compatible with them are carried at cost and tested annually for impairment.

2.9 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable and the asset is available for immediate sale in its present condition.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Any excess of carrying amount over fair value less costs to sell is an impairment loss. No depreciation is recognized for these assets while classified as held for sale.

Non-current assets held for sale include real and other properties acquired (ROPA) in settlement of contribution and member/housing/other loan delinquencies through foreclosure or dation in payment. They are initially booked at the carrying amount of the contribution/loan delinquency plus transaction costs incurred upon acquisition. When the booked amount of ROPA exceeds the appraised value of the acquired property, an allowance for impairment loss equivalent to the excess of the amount booked over the appraised value is set up.

2.10 Impairment of non-financial assets

The carrying amount of non-financial assets, other than investment property and non-current assets held for sale is assessed to determine whether there is any indication of impairment or an impairment previously recognized may no longer exist or may have decreased. If any such indication exists, then the asset's recoverable amount is estimated. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognized in profit or loss unless it relates to a revalued asset where the value changes are recognized in other comprehensive income/loss and presented within reserves in the property valuation reserve portion. Depreciation and amortization charge for future periods is adjusted.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years.

2.11 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the SSS and the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

a. Member's contribution

Revenue is recognized upon collection.

b. Interest income

Revenue is recognized as the interest accrues, taking into account the effective yield on the asset. Excluded are interest income from member and housing loans which are recognized upon collection.

c. Dividend income

Dividend income is recognized at the time the right to receive the payment is established.

d. Rental income

Rental income is recognized on a straight-line basis over the lease term.

2.12 Expense recognition

Expenses are recognized in the statement of comprehensive income upon utilization of the service or at the date they are incurred.

2.13 Operating Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

a. SSS as lessee

Leases which do not transfer to the SSS substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense on a straight-line basis over the lease term.

b. SSS as lessor

Leases where the SSS does not transfer to the lessee substantially all the risk and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income on a straight-line basis over the lease term.

3. SEGMENT INFORMATION

The table below shows the Statement of Financial Position of all the funds as at December 31, 2015.

	SSS	EC-SIF	Total
Assets			
Investments	378,064,120,819	28,092,691,826	406,156,812,645
Cash and cash equivalent	14,386,598,574	4,725,769,643	19,112,368,217
Receivables	7,365,149,746	298,272,801	7,663,422,547
Property and equipment	4,556,165,385	-	4,556,165,385
Others	6,903,133,660	7,391,998	6,910,525,658
Total Assets	411,275,168,184	33,124,126,268	444,399,294,452
Liabilities	8,663,098,456	211,818,585	8,874,917,041
Reserves	402,612,069,728	32,912,307,683	435,524,377,411
Total Liabilities & Reserves	411,275,168,184	33,124,126,268	444,399,294,452

The table below shows the Profit or Loss and Other Comprehensive Income for all the funds for the year ended December 31, 2015.

	SSS	EC-SIF	Total
Revenues			
Members' contribution	130,786,300,137	1,828,701,491	132,615,001,628
Investment and other income	28,459,868,383	1,026,998,283	29,486,866,666
	159,246,168,520	2,855,699,774	162,101,868,294
Expenditures			
Benefit payments	111,489,161,124	1,071,659,323	112,560,820,447
Operating expenses	8,762,340,189	84,040,618	8,846,380,807
	120,251,501,313	1,155,699,941	121,407,201,254
Profit for the year	38,994,667,207	1,699,999,833	40,694,667,040
Other comprehensive income/(loss)			
Net unrealized gain/(loss) on AFSFA	(24,482,724,968)	(47,452,269)	(24,530,177,237)
Net gain on revaluation of land	1,122,325,680	-	1,122,325,680
	(23,360,399,288)	(47,452,269)	(23,407,851,557)
Total comprehensive income	15,634,267,919	1,652,547,564	17,286,815,483

4. CASH AND CASH EQUIVALENTS

This account is composed of the following:

	2015	2014
Cash on hand and in bank	4,856,248,305	4,012,866,416
Time and special savings deposits	14,256,119,912	10,071,038,695
	19,112,368,217	14,083,905,111

Cash in banks earn interest at the respective bank deposit rates. Time and special savings deposits are made for varying periods of up to 90 days depending on the immediate cash requirements of SSS and earn interest at the prevailing time and special savings deposit rates.

In consideration of the banks' making their deposit pick up facility available to the SSS, the latter agreed to maintain an average daily balance of P1 million in a non-drawing interest bearing current account/savings account (CASA) with each of the banks' servicing branches. As of December 31, 2015, P95 million is being maintained in several banks for such purpose.

Interest income earned from cash in banks and term deposits amounted to P291.84 million and P233.12 million as at December 2015 and 2014, respectively (see Note 24).

5. HELD-TO-MATURITY INVESTMENTS

This account is composed of the following:

	2015	2014
Short-term money placements	4,812,861,865	7,168,909,303
Government bonds	15,645,200,000	8,765,000,000
Corporate notes	2,989,460,177	700,000,000
Corporate bonds		500,000,000
	23,447,522,042	17,133,909,303

Short-term money placements are short-term investments with original maturities of more than 90 days but less than 360 days. Interest income earned recorded under current investment income-held to maturity as at December 31, 2015 and 2014 amounted to P349.03 million and P159.45 million, respectively (see Note 24).

6. HELD-FOR-TRADING FINANCIAL ASSETS

The cost of held-for-trading financial assets as at December 31, 2015 and 2014 are P4,336.94 million and P2,446.40 million, respectively.

7. LOANS AND RECEIVABLE

This account is composed of the following:

	2015	2014
Loan to National Home Mortgage Finance Corporation (NHMFC)	457,526,254	481,114,295
Commercial and industrial loans	60,861,093	189,096,497
Loan to other government agencies - UP-PGH	22,334,251	21,850,812
Sales contract receivable - investment property	8,060,776	6,116,204
	548,782,374	698,177,808

8. OTHER RECEIVABLES

This account is composed of the following:

	2015	2014
Collecting banks/agents/bayad center	3,684,297,010	4,945,953,675
Interest receivable	3,359,823,217	3,430,217,011
Other receivables	619,302,320	1,801,939,449
	7,663,422,547	10,178,110,135

The Receivable - Collecting Banks/Agents (CBs/CAs) account represents premiums and loans receivables collected by banks and remittance companies accredited by SSS but were not yet remitted to SSS as of December 31, 2015 and 2014. Said account is debited for the amount indicated to the collection documents or electronic data files from CB/CA and credited for the amount of remittances/deposits of the CBs/CAs.

The balances of the account was presented net of negative balances totalling to P11,337,220,376, primarily due to CB/CA collections amounting to P8,853,310,651 still not posted and not updated to the appropriate fixed Bank and Branch Codes after merger of major collecting banks. The remaining negative balance of P2,483,909,728 were due to timing difference in the submission of collection documents and remittances for electronic collection reports that did not pass validation criteria. Appropriate adjustments were made in May 2016 to reclassify such negative balances in the subsidiary ledgers of CBs/CAs.

9. OTHER CURRENT ASSETS

This account is composed of the following:

	2015	2014
Supplies and materials inventory	286,341,614	147,181,971
Prepaid expenses	12,466,871	16,536,839
Revolving fund	1,499,947	1,160,758
Advances-officials and employees	167,888	435,279
	300,476,320	165,314,847

Supplies and materials used or consumed as at December 31, 2015 and 2014 amounted to P178.68 million and P113.91 million, respectively (see Note 27). Obsolete inventory for employer (ER) registration plates and stickers amounting P7.82 million was written-off in December 2015.

10. FINANCIAL ASSETS

This account is composed of the following:

	2015	2014
AFS financial assets	95,178,632,224	106,434,270,333
HTM investments		
Notes and bonds	184,129,673,496	173,992,829,497
Loans and receivable		
Member loans	71,560,002,916	65,925,575,783
Accumulated impairment loss	(5,058,555,915)	(4,699,809,548)
	66,501,447,001	61,225,766,235
Loan to NHMFC	10,352,131,691	10,491,014,866
Accumulated impairment loss	(1,080,965,795)	(1,025,498,216)
	9,271,165,896	9,465,516,650
Housing loans	2,675,746,114	2,942,552,434
Accumulated impairment loss	(203,775,994)	(226,736,478)
	2,471,970,120	2,715,815,956
Commercial and industrial loans	207,767,007	416,802,271
Accumulated impairment loss	(63,807,556)	(63,817,391)
	143,959,451	352,984,880
Program Members Assistance for Development of Entrepreneurship (MADE)	17,219,220	17,219,220
Accumulated impairment loss	(17,219,219)	(17,219,219)
	1	1
Loan to other government agencies	-	21,657,436
Sales contract receivable	713,086,001	662,212,667
Accumulated impairment loss	(33,731,118)	(30,747,944)
	679,354,883	631,464,723
	79,067,897,352	74,413,205,880
	358,376,203,072	354,840,305,710

The carrying amount of AFS financial assets is as follows:

	2015	2014
Marketable securities		
Cost	105,979,106,262	92,704,375,485
Unrealized gain	(12,648,278,320)	11,881,898,917
	93,330,827,942	104,586,274,402
Ordinary and preference shares		
Cost	1,211,245,786	1,211,437,436
Accumulated impairment loss	(743,304,410)	(743,304,410)
	467,941,376	468,133,026
Corporate notes		
Cost	1,928,259,985	1,928,259,984
Accumulated impairment loss	(548,397,079)	(548,397,079)
	1,379,862,906	1,379,862,905
	95,178,632,224	106,434,270,333

On November 12, 2014, the SSC under its Resolution No. 979 granted authority to participate in the Non-Restricted Trading and Settlement for Peso-denominated Coupon-bearing Government Securities and approved the accreditation of top 20 Government Securities Brokers/Dealers on February 18, 2015 under SSC Resolution No. 156. The total SSS' investment in the non-restricted trading bond from May to December 2015 amounted to P17.11 billion.

On September 9, 2015, SSS participated in the Republic of the Philippines' Liability Management Program (Bond Exchange) 2015, wherein eligible bonds offered for exchange have been accepted/cancelled and replaced by new Benchmark Bonds for 25-year in the amount of P3.98 billion. No Day 1 profit or loss has been recognized. The net unrealized gains of P135.49 million have been amortized over the term of the new Benchmark Bonds.

Moreover, SSS subscribed for 10-year Benchmark Bonds for cash in the amount of P2.0 billion and the net gain of P22.35 million was recognized.

The net impairment provision for 2015 and 2014 amounted to P394.24 million and P291.71 million, respectively, and were recognized in the books using the Guidelines in Identifying and Monitoring of Financial Assets and Setting-up of Allowance for Impairment Losses which was approved by the SSC under Resolution No. 181-s.2014.

The Educational Assistance Loan Program is funded on a 50:50 basis from the National Government (NG) and SSS. The NG counterpart of P3.5 billion was released under SARO No. BMB-F-12-0031251 dated December 14, 2012. The total cash allocations released to SSS from FY 2012 to FY 2015 amounted to P1,983,335,134, as follows:

NCA No.	Date	Amount
BMB-F-12-0023901	December 14, 2012	45,279,995
BMB-F-13-0017483	September 23, 2013	480,771,648
BMB-F-13-0020336	November 11, 2013	278,800,497
BMB-F-14-0005474	May 2, 2014	260,637,040
BMB-F-14-0012071	August 27, 2014	178,052,884
BMB-F-14-0016332	November 10, 2014	332,923,150
BMB-F-15-0005560	April 29, 2015	32,207,250
BMB-F-15-0016231	October 26, 2015	374,662,670
		1,983,335,134

The total amount of P3,657,834,654 consisting of the 50:50 SSS and NG shares has been expended/extended as loans to member beneficiaries as at December 31, 2015. The loans for degree course shall be payable in five years to start 18 months for semestral courses, 15 months for trimestral courses, or 14 months and 15 days for quarter term courses from the scheduled last release date or from the date of last release for those who will not avail of the subsequent releases. For technical/vocational courses, the loan shall be payable in three years to start 18 months for semestral courses from the scheduled last release date or from the date of last release for those who will not avail of the subsequent release.

11. INVESTMENT PROPERTY

This account is composed of the following:

	Land	Building	Development Cost	Total
Fair value, January 1, 2015	13,940,407,657	4,006,023,775	9,685,838	17,956,117,270
Adjustments	-	2,315,329	-	2,315,329
Disposals	-	(1,000,000)	-	(1,000,000)
Fair value gain/(loss)	1,536,767,519	(5,262,409)	-	1,531,505,110
Fair value, December 31, 2015	15,477,175,176	4,002,076,695	9,685,838	19,488,937,709
Fair value, December 31, 2014	13,940,407,657	4,006,023,775	9,685,838	17,956,117,270

The cost of investment property as at December 31, 2015 and 2014 remain at P7.55 billion.

The fair value of investment property is determined based on valuations performed by independent appraisers.

The following amounts are recognized in the statements of profit or loss and other comprehensive income:

	2015	2014
Gain/(loss) on fair value adjustment	1,531,505,110	889,650,789
Rental income	507,811,127	463,041,527
Penalty on rentals	1,282,336	2,797,268
Gain/(loss) on sale/disposal	72,000	(446,820)
Direct operating expenses	(83,892,499)	(82,730,037)
	1,956,778,074	1,272,312,726

12. PROPERTY AND EQUIPMENT - NET

This account is composed of the following:

	Land, buildings and land/building/leasehold improvements	Furniture and equipment, transportation equipment, computer hardware and others	Construction in progress	Total
Gross carrying amount:				
January 1, 2015	3,567,733,558	2,881,099,893	28,857,548	6,477,690,999
Additions	-	306,179,823	4,458,870	310,638,693
Transfers	2,887,595	-	(4,920,321)	(2,032,726)
Net revaluation increase/(decrease)	1,135,565,000	-	-	1,135,565,000
Retirement/disposals/cancellation/adjustments	-	(308,885,891)	-	(308,885,891)
December 31, 2015	4,706,186,153	2,878,393,825	28,396,097	7,612,976,075
Accumulated depreciation/amortization:				
January 1, 2015	832,288,389	2,357,894,676	-	3,190,183,065
Charge for the period	30,430,936	144,753,620	-	175,184,556
Transfers	(659,940)	-	-	(659,940)
Retirement/disposals/cancellation/adjustments	-	(306,145,513)	-	(306,145,513)
December 31, 2015	862,059,385	2,196,502,783	-	3,058,562,168
Accumulated impairment loss:				
January 1, 2015	131,690,654	-	-	131,690,654
Impairment loss	25,778,354	-	-	25,778,354
Reversal of impairment loss	(17,947,590)	-	-	(17,947,590)
December 31, 2015	139,521,418	-	-	139,521,418
Net book value, December 31, 2015	3,704,605,350	681,891,042	28,396,097	4,414,892,489
Net book value, December 31, 2014	2,603,754,515	523,205,217	28,857,548	3,155,817,280

Land, buildings and building improvements were last revalued in December 2015 by independent appraisers. Valuations were made on the basis of market value.

The value of land was arrived by the use of the generally accepted Market Data or Comparative Approach. In this approach, the value of the property is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing sales and listings to a common denominator with the subject. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. Comparisons were premised on the factors of location, land use, physical characteristics of the land and time element.

If land, buildings and building improvements were stated on the historical cost basis, the carrying amount would be as follows:

	2015	2014
Cost	1,672,352,365	1,669,259,930
Accumulated depreciation	(724,497,981)	(694,537,189)
	947,854,384	974,722,741

Rental income-operating assets amounted to P11.03 million for the year ended December 31, 2015 and 2014, were included in the statement of profit or loss and other comprehensive income.

13. INTANGIBLE ASSETS - NET

This account is composed of the following:

	2015	2014
Cost		
Balance at January 1	534,246,359	513,429,509
Additions	79,837,753	20,816,850
Retirement/disposals/cancellation	(20,652,225)	-
Balance at December 31	593,431,887	534,246,359
Accumulated amortization		
Balance at January 1	330,970,690	281,961,267
Amortization charge for the year	46,258,115	49,009,423
Retirement/disposals/cancellation	(898,042)	-
Balance at December 31	376,330,763	330,970,690
Accumulated impairment loss		
Balance at January 1	75,828,227	75,828,227
Impairment loss for the period	-	-
Retirement/disposals/cancellation	-	-
Balance at December 31	75,828,227	75,828,227
Net book value at December 31	141,272,897	127,447,442

The carrying amount of intangible assets with indefinite lives as at December 31, 2015 amounted to P60.70 million.

14. NON-CURRENT ASSETS HELD FOR SALE

This account is composed of the following:

	Land	Building	Acquired asset/ registered	Total
Carrying amount, January 1, 2015	3,771,824,760	164,816,285	404,033,116	4,340,674,161
Accumulated impairment loss	(2,475,762)	(2,744,503)	(4,118,054)	(9,338,319)
Net carrying amount, January 1, 2015	3,769,348,998	162,071,782	399,915,062	4,331,335,842
Additions	-	-	207,025,522	207,025,522
Transfer/Adjustments	1,386,810	(30,510)	-	1,356,300
Disposals	(3,243,690)	-	(144,557,916)	(147,801,606)
Impairment (loss)/recovery	(426,786)	(567,444)	(4,724,745)	(5,718,975)
Fair value, December 31, 2015	3,767,065,332	161,473,828	457,657,923	4,386,197,083
Fair value, December 31, 2014	3,769,348,998	162,071,782	399,915,062	4,331,335,842

15. OTHER NON-CURRENT ASSETS

This account is composed of the following:

	2015	2014
Receivable-collecting banks	1,615,613,722	97,009,466
Accumulated impairment loss	(122,348,843)	(97,009,466)
	1,493,264,879	-
Interest receivable	12,715,155,119	12,715,762,183
Accumulated impairment loss	(12,707,637,957)	(12,707,637,957)
	7,517,162	8,124,226
Advances-fire/MRI/foreclosure proceedings/RPT	224,745,648	166,412,828
Accumulated impairment loss	(541,806)	(467,951)
	224,203,842	165,944,877
Others	1,004,921,789	942,918,443
Accumulated impairment loss	(506,055,416)	(548,991,417)
	498,866,373	393,927,026
	2,223,852,256	567,996,129

Non-current interest receivable includes those originated from Home Guaranty Corporation (HGC) guaranteed corporate notes and loan to NHMFC amounting to P120.44 million and P12.58 billion, respectively.

The non-current interest receivable from loan to NHMFC represents portion of the total restructured loan amount that SSS and NHMFC have allocated to unpaid interest and penalty as of cut-off date, March 31, 2002, payment of which shall be sourced from the residuals of the cash flows of the remaining accounts upon full payment of low, moderate and high delinquency outstanding obligations.

16. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account is composed of the following:

	2015	2014
Accounts payable	2,368,330,125	2,225,182,929
Accrued expenses	1,691,819,291	1,710,454,644
	4,060,149,416	3,935,637,573

17. FUNDS HELD IN TRUST

This account includes among others bidders' deposits, withholding taxes and retention withheld from suppliers and creditors to answer for defective deliveries or services, contributions to GSIS, PHIC, HDMF and SSS Provident Fund and equity of Flexi-fund members, details as follows:

	2015	2014
Officials and employees	290,332,087	235,920,709
Suppliers and creditors	265,713,519	152,607,743
Borrowers and other payors	159,369,369	138,504,905
Due to other government units	28,365,172	25,302,951
Dividend - stock investment loan program	15,492,454	15,492,454
Flexi-fund - 10% retained earnings	3,390,018	1,980,983
Educational loan fund - DECS	1,794,933	1,794,933
Unified multi-purpose ID fund	1,423,965	30,108,017
	765,881,517	601,712,695

18. DEFERRED INCOME - CURRENT

This account represents advance rental payments from tenants of SSS property as at December 31, 2015 and 2014 amounting P47.35 million and P40.41 million, respectively.

19. OTHER CURRENT LIABILITIES

This account is composed of the following:

	2015	2014
Member loans collection	1,789,307,539	1,884,398,552
OFW collections	106,312,636	125,138,165
Undistributed collection	88,188,264	219,896,760
Sales contract receivable	23,811,495	24,231,786
Real estate loans collection	10,650,631	10,019,018
Employees' housing loan program	4,814	516,650
ML collection deducted from benefit payments	-	146,861,803
Rental receivable	-	961,747
	2,018,275,379	2,412,024,481

This account represents undistributed collections on loan amortizations and contributions that have not yet been posted to individual members or borrowers and other accounts pending receipt of collecting agencies'/employers' documents and actual distribution of collections and payments whose nature are not indicated by payors. Hence, undistributed collection accounts always carry respective balances at the end of any given period.

On member loans collection, the SSS has undertaken efforts to enhance computer programs and systems that helped address the posting issues and expedited the reconciliation process which resulted to a decrease in unposted/undistributed repayments.

As a long term solution package, the new Loan Management System (e-LMS) which is under the User's Acceptance Testing, will fully automate the process of Loans Granting, Billing and Collection. This will also facilitate posting to ensure that borrowers' accounts reflect the correct loan balances, including the corresponding charges, such as interest and penalties.

20. ACCRUED RETIREMENT BENEFITS

20.1 Retirement benefits

Retirement benefits are available to qualified employees under any one of RA No. 1616, RA No. 660 and RA No. 8291.

20.2 Terminal leave benefits

This represents the cash value of the accumulated vacation and sick leave credits of employees, 50% of which can be monetized once a year and the balance payable upon resignation/retirement.

20.3 Retirement incentive award

Employees with at least 20 years of creditable service are entitled to P2,000 for every year of service upon retirement.

The accrued retirement benefits of employees at December 31, 2015 and December 31, 2014 are as follows:

	2015	2014
Terminal leave pay	641,074,473	641,074,473
Retirement benefits/gratuity	775,117,532	768,303,308
Retirement incentive award	85,301,323	89,496,546
	1,501,493,328	1,498,874,327

21. RENT PAYABLE

This account represents accrued rent for lease contracts entered by the SSS for its various branches.

22. DEFERRED INCOME - NON-CURRENT

This account represents unrealized gains or losses from SSS participation in the Republic of the Philippines' Domestic Debt Consolidation Program (Bond Exchange) 2011 and 2014, and Liability Management Program (Bond Exchange) 2015.

23. RESERVES

23.1 Investment reserve fund (IRF)

All revenues of the SSS that are not needed to meet the current administrative and operational expenses are accumulated in the reserve fund. Such portion of the reserve fund as are not needed to meet the current benefit obligations is known as the IRF which the SSC manages and invests with the skill, care, prudence and diligence necessary under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would exercise in the conduct of an enterprise of a like character and with similar aims, subject to prescribed ceilings under Section 26 of the SS Law.

No portion of the IRF or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or controlled corporations, except as may be allowed under the SS Law. It also provides that no portion of the IRF shall be invested for any purpose or in any instrument, institution or industry over and above the prescribed cumulative ceilings as follows: 40% in private securities, 35% in housing, 30% in real estate related investments, 10% in short and medium-term member loans, 30% in government financial institutions and corporations, 30% in infrastructure projects, 15% in any particular industry and 7.5% in foreign-currency denominated investments.

In its Resolution No. 402 s. 2007, the SSC, adopted the use of acquisition cost of shares of stock as the basis for computing the 30% limit in equity investments, based on the opinion dated June 25, 2007 of the Legal and Adjudication Sector of COA.

23.2 Actuarial valuation of the reserve fund of the SSS

The SS Law requires the Actuary of the System to submit a valuation report every four years, or more frequently as may be necessary, to determine the actuarial soundness of the reserve fund of the SSS and to recommend measures on how to improve its viability.

The reserve fund is affected by (a) changes in demographic factors (such as increased life expectancy, ageing of population, declining fertility level and delay in retirement) and (b) the economic conditions of the country. Economic factors on which assumptions are made include interest rates, inflation rates and salary wage increases. With these and other assumptions, and taking into account the uncertainty of future events, the life of the fund is projected.

In the 1999 Actuarial Valuation, the Social Security Fund (SSF) was projected to last until 2015. Since then, parametric measures (e.g. increases in the contribution rate from 8.4% to 9.4% in March 2003, increase in the maximum salary base for contributions from P12,000 to P15,000 and the redefinition of credited years of service) and operational developments (e.g. tellering system, more accounts officers, cost saving measures, improved investment portfolio and management, etc.) were implemented to strengthen the SSF.

The System's concerted efforts have resulted in improved actuarial soundness. Results of the 2003 Actuarial Valuation indicate an extension on the life of the fund by sixteen years, from 2015 to 2031.

An update of the 2003 Actuarial Valuation was later undertaken, to include the effect of the increase in the contribution rate to 10.4% effective January 2007, and the grant of 10% across-the-board increases in pension effective September 2006 and September 2007. This update showed that the actuarial life of the SSF has extended further to 2036. The 2007 Actuarial Valuation was later conducted, which projected the fund lasting until 2039.

The SSF life extended further to 2043 in the conduct of 2011 Actuarial Valuation, which considered the Reform Agenda items implemented on January 1, 2014, particularly the increase in contribution rate to 11%, and the increase in Monthly Salary Credit (MSC) ceiling to P16,000. The 2011 Actuarial Valuation was then updated to consider the 5% across-the-board pension increase implemented in June 2014. This update showed a reduction of the fund life by one year to 2042.

The summary of results of the 2011 Actuarial Valuation, as well as the previous 2007 Actuarial Valuation results, are presented in the table below. There are two columns under 2011 Valuation: (1) the original results as published in the 2011 Actuarial Valuation report; and (2) the updated results that take into consideration the 5% across-the board pension increase.

**Actuarial Valuation
Comparison of Key Projection Results
2011 Valuation versus 2007 Valuation
Under the Baseline Scenario**

	Key Projection Results	2007 Valuation	2011 Valuation	
			Original*	Updated**
No future Across-the-Board Increase in Pensions	Year Fund Will Last	2039	2043	2042
	Year Net Revenue Becomes Negative	2030	2035	2034

* As published in the 2011 Actuarial Valuation report

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

Both original and updated 2011 Actuarial Valuation results show an improvement of the fund life by three to four years when compared to the original 2007 Actuarial Valuation results.

Despite these improvements, the SSS, like most defined-benefit social security schemes, is faced with the reality of a less-than-ideal actuarial fund life, and a considerable level of unfunded liabilities (UL). The unfunded liability is the difference between the present value of future benefits and operating expenses, vis-avis current assets and the present value of future contributions. From the 2007 Actuarial Valuation results, the unfunded liability was valued at P748.99 billion, which has then increased to P1.19 trillion based on the original 2011 Actuarial Valuation results, and further increased to P1.22 trillion based on the updated 2011 Actuarial Valuation results.

This current UL and fund life situation was caused in part by a structural imbalance, brought about by the mismatch of the increases in pension, monthly salary credit (MSC) ceiling, and contribution rate. While pensions were increased 22 times since 1980 through across-the-board pension increases of up to 20% and increases in the minimum pension amount through Republic Act No. 8282, and the MSC ceiling was increased 12 times, the contribution rate, on the other hand, was only increased three times during the same period, from 8.4% to 9.4% in 2003, then to 10.4% in 2007, and finally to 11% in 2014.

The effect of demographic change on the fund should also be recognized, as there may not be enough contributors remitting to pay all the expenses and benefits of the growing number of pensioners due to declining population growth rate and lengthening life spans.

To address these and other issues on the viability of the reserve fund, actuarial valuations and other studies are continuously conducted which shall be the basis of recommendations for policy reforms. The recommendations mentioned in the valuations include raising the contribution rate, improving contribution collection, initially raising the required contributing years to be entitled to retirement pension to 15 years, and raising the retirement age. Further reform packages and other measures shall be formulated which simultaneously address the interest of the stakeholders of SSS: benefit adequacy for current pensioners, and financial sustainability for future pensioners, who are now active contributors of the SSS.

23.3 Investments revaluation reserve

This account is composed of the following:

	2015	2014
Balance at January 1	11,881,898,917	9,626,545,031
Net gain/(loss) arising on revaluation of AFS financial assets	(24,362,335,815)	4,092,599,826
Cumulative (gain)/loss reclassified to profit or loss on sale/disposal of AFS financial assets	(167,841,422)	(1,837,245,940)
Balance at December 31	(12,648,278,320)	11,881,898,917

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

24. INVESTMENT AND OTHER INCOME

This account is composed of the following:

	2015	2014
Investment income		
Income from current investments		
<i>HTM investments</i>		
Interest income	349,030,439	159,449,284
<i>Held-for-trading financial assets</i>		
Dividend income	168,700,037	29,934,425
Gain/(loss) on fair value adjustment	(1,498,549,950)	69,000,800
Gain/(loss) on sale/disposal	404,818,118	326,283,640
Investment expense	(37,387,834)	(24,781,476)
	(962,419,629)	400,437,389
Total income from current investments	(613,389,190)	559,886,673
Income from non-current investments		
<i>AFS financial assets</i>		
Dividend income	3,164,431,467	3,564,468,259
Gain/(loss) on sale/disposal	5,868,817,041	10,751,671,374
Investment expense	(7,737,934)	(7,415,564)
	9,025,510,574	14,308,724,069
<i>HTM investments</i>		
Interest income	12,449,067,682	11,986,173,216
Penalty on overdue amortization	-	6,788
Gain/(loss) on sale/disposal	23,237,721	21,075,007
Penalty on pre-payment/pre-termination	-	3,687,500
Investment expense	(811,678)	-
	12,471,493,725	12,010,942,511
<i>Loans and receivable</i>		
Interest income	3,413,717,785	3,481,185,826
Penalty on overdue amortization	1,968,370,253	1,640,679,554
Investment expense	(117,133)	(174,713)
Impairment loss	(457,243,439)	(308,643,465)
	4,924,727,466	4,813,047,202
<i>Investment property</i>	1,956,778,073	1,272,312,726
Total income from non-current investments	28,378,509,838	32,405,026,508
	27,765,120,648	32,964,913,181
Other income		
Interest income - cash in bank/term deposits	291,836,646	233,117,194
Directors' fee	65,326,540	56,437,397
Non-current assets held for sale		
Rental income	67,267,008	51,672,268
Gain/(loss) on sale/disposal	137,723,798	94,172,138
Income from cancelled sale	3,789,441	4,861,987
Related expense	(3,564,471)	(2,716,755)
Impairment loss	(6,076,305)	(4,803,086)
Reversal of impairment loss/revaluation gain	137,611,878	449,558,807
Service fee - salary loan	288,607,785	253,982,933
Subsidy income from NG	406,869,920	771,613,074
Others	332,353,778	(342,181,639)
	1,721,746,018	1,565,714,318
Total investment and other income	29,486,866,666	34,530,627,499

25. BENEFIT PAYMENTS

This account represents payments to members and their beneficiaries in the event of disability, sickness, maternity, old age, death and other contingencies resulting in loss of income or financial burden. Total benefit payments for 2015 and 2014 amounted to P112.56 billion and P102.60 billion, respectively.

26. PERSONNEL SERVICES

This account is composed of the following:

	2015	2014
Salaries and wages	2,422,720,545	2,349,625,046
Mandatory contributions	1,294,858,883	1,254,708,478
Bonus and rice grant	857,782,283	836,183,857
Incentive award	535,383,523	369,351,618
Allowances	320,308,358	298,605,601
Terminal leave pay	132,229,299	142,894,951
Other personnel services	191,830,354	216,009,011
	5,755,113,245	5,467,378,562

Provident fund, which forms part of mandatory contributions, is a defined contribution plan made by both the SSS and its officers and employees. The affairs and business of the fund are directed, managed and administered by a Board of Trustees. Upon retirement, death or resignation, the employee or his heirs will receive from the fund payments equivalent to his contributions, his proportionate share of the SSS' contributions and investment earnings thereon.

27. MAINTENANCE AND OTHER OPERATING EXPENSES

This account is composed of the following:

	2015	2014
Maintenance and repairs - building/leased offices	309,265,161	282,028,944
Service bureau expenses	283,129,663	238,545,607
Special project	235,044,183	122,848,049
Office space rentals	227,949,317	184,339,708
Light and water	227,185,627	215,578,302
Depreciation/amortization expense	221,442,672	180,914,529
Communication expenses	220,123,791	193,941,390
Supplies and materials	178,684,720	113,905,308
Maintenance and repairs - furniture and equipment	171,979,883	176,566,866
Impairment Loss - operating assets	51,232,730	-
COA audit services	45,440,553	38,840,274
Maintenance and repairs - transportation equipment	24,256,718	29,057,330
Other operating expenses	895,532,544	869,676,979
	3,091,267,562	2,646,243,286

28. OPERATING LEASE COMMITMENTS

28.1 SSS as lessee

The SSS leases offices for its various branches under cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

28.2 SSS as lessor

The SSS leases out portion of its office space to various tenants under cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

29. FINANCIAL RISK MANAGEMENT

The SSC and SSS management are active in the evaluation, scrutiny and credit approval process on all investments being undertaken by the SSS. The SSC has adopted adequate policies on investment procedures, risk assessment and measurement and risk monitoring by strict observance on the statutory limit provided under the SS Law and compliance to the investment guidelines. Internal controls are also in place and comprehensive audit is being done by Internal Audit Services.

The SSS has identified four major risk groups affecting its operations: financial risk, insurance and demographic risk, strategic risk and operational risk. These risks should be properly managed to ensure sound operations in SSS. The SSC and SSS management review and agree on the policies for managing these risks, as summarized below.

29.1 Financial risk

This is the risk that results from unexpected changes in external markets, prices, rates and liquidity supply and demand.

a. Market risk

Market risk is the SSS' exposure to potential loss due to unexpected changes in external markets, prices or rates related to general market movements or a specific asset on the balance sheet. This risk arises from (a) fluctuations in market prices of equities due to changes in demand and supply for the securities (*Equity Risk*), (b) volatility in the absolute level of interest rates (*Interest Rate Risk*), and (c) fluctuations in exchange rates due to changes in global and local economic conditions and political developments that affect the value of SSS' foreign-denominated investments (*Foreign Currency Risk*).

SSS manages market risk by monitoring the daily changes in the market price of the investments. Also, the SSS Equities Portfolio is subject to Stop-Loss/Cut-Loss Program (Selling at a Loss) to limit SSS loss on a position in a security.

SSS strictly adheres to the provisions of Section 26 of the SS Law, which states that the funds invested in various corporate notes/bonds, loan exposures and other financial instruments shall earn an annual income not less than the average rates of treasury bills or any acceptable market yield indicator. Currently, the SSS has achieved a mix of financial investments with interest rates that are within acceptable level. Significant investments in said instruments have fixed interest rates while repricing rates of investments in corporate notes/bond that carry floating interest rates are always based on acceptable yield (i.e. prevailing 3 months Philippine Dealing system Transaction-Fixing Rate plus a spread of not less than 0.50 per cent).

b. Credit risk

This refers to the risk of loss arising from failure of SSS' counterparty to perform contractual obligations in a timely manner. This includes risk due to (a) failure of a counterparty to make required payments on their obligations when due (*Default Risk*) and (b) default of a counterparty before any transfer of securities or funds or once final transfer of securities or funds has begun but not been completed (*Settlement Risk*).

SSS implements structured and standardized evaluation guidelines, credit ratings and approval processes. Investments undergo technical evaluation to determine their viability/acceptability. Due diligence process (i.e. credit analysis, evaluation of the financial performance of the issuer/borrower to determine financial capability to pay obligations when due, etc.) and information from third party (e.g. CIBI Information, Inc. banks and other institutions) are used to determine if counterparties are credit-worthy.

With respect to stockbrokers, the SSS has adopted the following mitigating measures:

- Evaluation of stockbrokers, at the minimum, is based on the stockbroker's (i) good standing in the Exchange, (ii) minimum capitalization, (iii) profitability, and (iv) positive track record of service.
- Transactions of a stockbroker must (i) on a daily basis, not exceed a certain percentage of the stockbroker capitalization/stockholder's equity; (ii) in terms of total transaction, not exceed a certain percentage of total SSS transaction except for negotiated block transaction, and (iii) within a year of accreditation, not exceed a certain percentage of its total market transactions to ensure that the stockbroker does not rely heavily on SSS for its business.

To avoid significant concentrations of exposures to specific industries or group of issuers and borrowers, SSS investments are regularly monitored to ensure that these are always within the prescribed cumulative ceilings specified in Section 26 of the SS Law. To further ensure compliance to Section 26 of SS Law, Policies and Guidelines in Determining and Managing Exposure Limits to Debt and Equity were established.

The following table shows the latest aging analysis of some financial assets:

	2015								
	Neither past due nor impaired	Past due but not impaired (Age in months)							Total
		3-12	13-36	37-48	49-60	Over 60	Expired	Impaired	
									(In Millions)
Held-for-trading financial assets	4,295	-	-	-	-	-	-	-	4,295
AFS financial assets	95,179	-	-	-	-	-	-	1,292	96,471
HTM investments									
Short-term money placements	4,813	-	-	-	-	-	-	-	4,813
Corporate notes and bonds	32,761	-	-	-	-	-	-	-	32,761
Government notes and bonds	169,966	-	-	-	-	-	-	-	169,966
Loans and receivable									
NHMFC	9,729	-	-	-	-	-	-	1,081	10,810
Commercial and industrial loans	190	-	-	-	-	2	12	64	268
Program MADE	-	-	-	-	-	-	-	17	17
Other government agencies	22	-	-	-	-	-	-	-	22
	316,955	-	-	-	-	2	12	2,454	319,423

	2014								
	Neither past due nor impaired	Past due but not impaired (Age in months)							Total
		3-12	13-36	37-48	49-60	Over 60	Expired	Impaired	
									(In Millions)
Held-for-trading financial assets	3,926	-	-	-	-	-	-	-	3,926
AFS financial assets	106,434	-	-	-	-	-	-	1,292	107,726
HTM investments									
Short-term money placements	7,169	-	-	-	-	-	-	-	7,169
Corporate notes and bonds	24,875	-	-	-	-	-	-	-	24,875
Government notes and bonds	159,082	-	-	-	-	-	-	-	159,082
Loans and receivable									
NHMFC	9,947	-	-	-	-	-	-	1,025	10,972
Commercial and industrial loans	513	-	-	-	-	2	12	64	591
Program MADE	-	-	-	-	-	-	-	17	17
Other government agencies	44	-	-	-	-	-	-	-	44
	311,990	-	-	-	-	2	12	2,398	314,402

c. Liquidity risk

This refers to the risk of loss, though solvent, due to insufficient financial resources to cover for liabilities as they fall due. It also involves the risk of excessive costs in securing such resources. This risk also refers to (a) unanticipated changes in liquidity supply and demand that may affect the organization through untimely sale of assets, inability to meet contractual obligations or default (*Funding Liquidity Risk*) and (b) asset illiquidity or the risk of loss arising from inability to realize the value of assets, without significant reduction in price, due to bad market conditions (*Market Liquidity Risk*).

SSS manages this risk through daily monitoring of cash flows in consideration of future payment due dates and daily collection amounts. The SSS also maintains sufficient portfolio of highly marketable assets that can easily be liquidated as protection against unforeseen interruption to cash flow.

To manage this risk in SSS equity investments, liquidity requirements are included in SSS' Stock Accreditation Guidelines.

29.2 Insurance and demographic risk

This refers to the risk of loss arising from variation in pension fund claim experience and exposure to adverse persistency, and uncertainty in demographic assumptions when pension and other benefits were designed and valued.

a. Longevity risk

This risk is the loss of fund due to higher than expected payout ratio as a result of changes in life expectancy trends among pensioners.

b. Mortality risk

This risk is due to changes in actual mortality rates that adversely differ from assumptions.

c. Morbidity risk

This risk is due to deviations of actual disability and illness rates from what is expected or assumed.

d. Claims inflation risk

This risk is due to increase in the total amount of claims over time.

SSS manages these risks through regular conduct of studies and monitoring of experience.

29.3 Strategic risk

This is the risk arising from unanticipated changes in key elements of strategy formulation and/or execution leading to actual strategic outcomes that adversely differ from expectations.

a. Governance risk

This risk arises from governance not functioning as expected.

b. Political risk

This is the risk of loss in investment returns due to political changes or instability.

c. Strategic relationship risk

This risk is due to unexpected changes in strategic relationships such as joint ventures/partnerships.

d. External relations risk

This risk is due to unanticipated changes in relationship with external stakeholders such as the public, media, regulators, rating agencies and politicians.

e. Legislative/Regulatory risk

This risk is due to changes in laws/government regulations.

f. Economic risk

This risk arises from unanticipated changes in the economy such as changes in consumer disposable income affecting ability to pay contributions or loan balances.

SSS manages these risks by creating harmonious relationship with various stakeholders, monitoring new and pending bills, and conducting regular economic researches and studies used in crafting appropriate policies beneficial to the organization and its members.

29.4 Operational risk

Operational risk is the exposure to potential loss, whether direct or indirect, due to ineffective and inefficient internal processes, human resource failures, system failures or external events.

a. Internal fraud

The losses are due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity/discrimination events, which involves at least one internal party.

b. External Fraud

The losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party.

c. Employment practices and workplace safety

The losses arise from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity/discrimination events.

d. Clients, products and business practices

The losses arise from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements) or from the nature or design of a product.

e. Damage to Physical Assets

The losses arise from loss or damage to physical assets from natural disasters or other events.

f. Business disruption and system failures

The losses arise from disruption of business or system failures.

g. Execution, delivery and process management

The losses are from failed transaction processing or process management, from relations with trade counterparties and vendors.

SSS manages risks related to human resource failures by promoting high standards in hiring competent and knowledgeable personnel to uphold utmost professionalism in the workplace. Compensation program and rewards system are enhanced to attract and retain qualified personnel.

SSS manages risks related to inadequate processes by studying all existing policies, procedures and programs, and by developing new ones for applicable improvement and enhancement. Policies are reviewed periodically to reflect changes in SSS' thrust and SSC's risk appetite.

SSS manages risks related to system failures by improving and enhancing IT systems. Impact of external events is managed by implementing several measures to prepare and protect itself and its properties against some natural calamities.

30. COMMITMENTS

Amount authorized but not yet disbursed for capital expenditures as of December 31, 2015 is approximately P858.91 million.

31. COMPLIANCE WITH TAX LAWS

The SSS is withholding and remitting to the Bureau of Internal Revenue (BIR) applicable taxes withheld imposed under the National Internal Revenue Code and its implementing rules and regulations. Income taxes withheld on compensation and expanded withholding tax are remitted on or before the 15th day of the following month except those withheld for the month December which are remitted on or before the 20th day of January of the following year. Value added taxes and final income taxes withheld are remitted on or before the 10th day of the following month.

In compliance with the requirements set forth under the Revenue Regulations 15-2010, hereunder are the taxes paid/remitted during the taxable year:

Period Covered	BIR Form 1600 (VAT and Other Percentage Taxes Withheld)	BIR Form 1604-E (Creditable IT Withheld Expanded)	BIR Form 1604-CF (Taxes withheld from employees)	BIR Form 1604- CF Final Tax
Jan. to Dec. 2015	141,199,470	104,347,575	641,086,845	22,618

The SSS is exempted from all kinds of taxes pursuant to Sec. 16 of RA 8282 which states that "All laws to the contrary notwithstanding, the SSS shall likewise be exempt from all kinds of taxes, fees or charge SSS and all its assets and properties, all contributions collected and all accruals thereto and income or investment earnings therefrom, as well as all supplies, equipment, papers or documents shall be exempt from any tax assessment, fee, charge, or customs or import duty; and all benefit payments made by the SSS shall likewise be exempt from all kinds of taxes, fees or charges and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt but the person or persons entitled thereto, except to pay any debt of the member to the SSS. No tax measure of whatever nature enacted shall apply to the SSS, unless it expressly revokes the declared policy of the State in Section 2 hereof granting Tax-exemption to the SSS. Any tax assessment imposed against the SSS shall be null and void."

Internal Auditor's Report

The strongest chain is only as strong as its weakest link. Pointing out the weaknesses of the institution and how to go about confronting them is our reason for being. While it is true that modern day organizations have instituted internal control systems to manage risks - the Social Security System being no exception - the Internal Audit Service (IAS) undertakes tests to determine whether or not these controls exist and are effective. Systems, processes and procedures that merit red flags are immediately communicated to Management for the latter's corresponding action. This is IAS' take in preventing the weakest link or links from wreaking havoc on the institution.

In 2015, IAS took on a variety of challenging audit pursuits involving 132 branches, four (4) foreign offices, four (4) processing centers, 66 service offices and a number of corporate units handling application systems, investments, OFW collections, budget utilization, among others. We are pleased to report that IAS was able to conclude the programmed 15 audit projects and a special audit project. In addition, IAS completed review of 44 procurements worth 7.5 million pesos and above, and took the lead role in the Internal Quality Audit of the registration process in 11 ISO certified branches.

Hereunder are the most significant observations for 2015:

- Members who transacted with our service offices are generally satisfied with the delivery of service even as there were still a few who did not mince words in voicing out their viewpoint on waiting time, congestion and drawbacks such as power failures. As for those dissatisfied, it is very clear that we need to apply proper queue management. It was recommended that the Anti Red Tape Act be disseminated to all branch personnel for information and guidance albeit transacting members gave a satisfaction rating of 99.9% for service offices and 99.5% for SSS offices in London, Rome, Milan and Hongkong.
- Our review of procurement documents for publication and award of contract showed considerable improvement in terms of accuracy and processing time. Even as there was progress in the review aspect, we believe that the Bids and Awards Committee and the Technical Working Groups should exert effort to preclude, if not minimize, repeated observations brought to light, in the future.
- The non-designation of a responsible unit to enforce compliance regarding *dacion en pago* transactions may have caused lapses in the process, particularly in the delivery of the titles of the dacioned properties. Designation of a Process Owner tasked to develop and implement the Manual of Procedures for *dacion en pago* transactions is the way to go.
- Agreements and contracts entered into by SSS must be monitored to ensure that all parties comply with the provisions of the contract and honor their commitments. Management must ensure that a system is in place to check the accuracy of remittance of OFW collections by partner banks to avoid complaints from members whose payments are not credited to them.

In summary, our job as internal auditors is never ending for as long as the institution continues to operate and our work becomes more complicated as the operations become more complex. The directive of Management for the various units to document procedures is a step in the right direction.

In 2016, we have lined-up projects supporting the strategic objectives of the SSS. We reaffirm our vow to help Management achieve corporate goals.


ANTONETTE L. FERNANDEZ
Assistant Vice President

SSS Internal Control System

Pursuant to the directive of the Social Security Commission (SSC) for the review of the 2015 SSS materials controls and risk management systems, the Head of the Internal Audit Services Division (IASD) presented the initial Assessment of the SSS Internal Control System, a preliminary evaluation of the adequacy of internal controls in the operation of SSS, which comprise of five (5) components:

- Control Environment**
- Risk Assessment** - the overall process of identifying, analyzing and evaluating relevant risks to the achievement of the control objectives in determining the appropriate response
- Control Activities** - policies and procedures established to address risks and achieve the organization's mandate and objectives
- Information and Communication**
- Monitoring** - aimed at assessing the quality of internal control systems performance overtime in relation to the achievement of the control objectives.

However, given the need to assess the operational efficiency of said components, the IASD has still to conduct a Basic Assessment of the Internal Control System (BAICS), as noted by the SSC in its meeting on June 8, 2016.

Historical Data

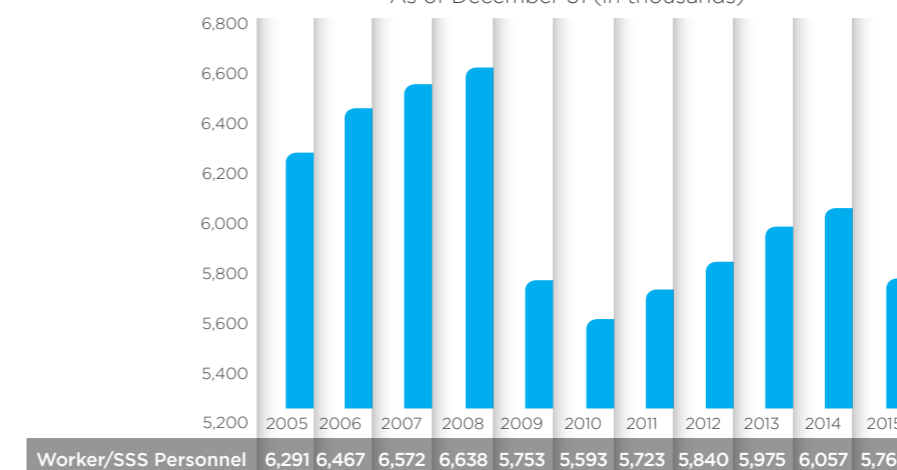
SSS Coverage and Personnel Workforce
As of December 31 (in thousands)

Year	Worker	Employer	SSS Personnel*
2011	29,269.1	889.0	5.1
2012	29,457.4	602.1	5.0
2013	30,721.3	911.9	5.1
2014	32,142.3	921.1	5.3
2015	33,621.9	914.0	5.8

* regular SSS employees only

SSS Coverage and Personnel Workforce

Ratio of SSS Coverage to Personnel Workforce
As of December 31 (in thousands)



Consolidated Growth of Assets, Reserves, and Investments
(in billion pesos)

Year	Assets	Reserves	Investments
2011	322.38	314.67	290.81
2012	362.81	351.42	330.52
2013	384.63	371.72	351.64
2014	427.16	418.32	394.55
2015	444.40	435.52	406.16

Consolidated Growth of Assets, Reserves, and Investments

Consolidated Growth of Assets, Reserves, and Investments

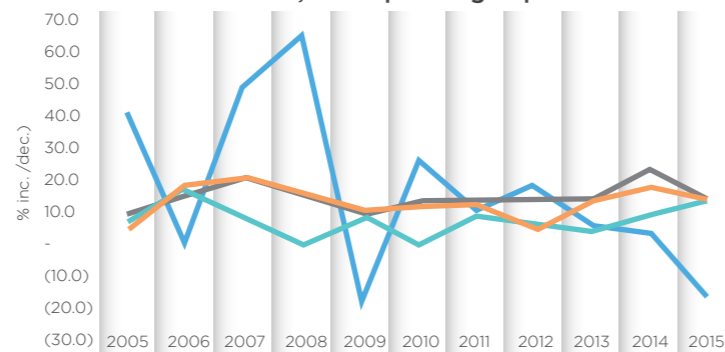


Consolidated Progress of Operations

Consolidated Contributions, Investment & Other Income, Benefits, and Operating Expenses (in billion pesos)

Year	Contributions	Investment & Other Income	Benefits	Operating Expenses
2011	85.97	29.87	82.76	7.52
2012	94.21	33.89	84.17	7.73
2013	103.01	34.39	91.40	7.64
2014	120.65	34.53	102.60	8.11
2015	132.62	29.49	112.56	8.85

Consolidated Contributions, Investment & Other Income, Benefits, and Operating Expenses

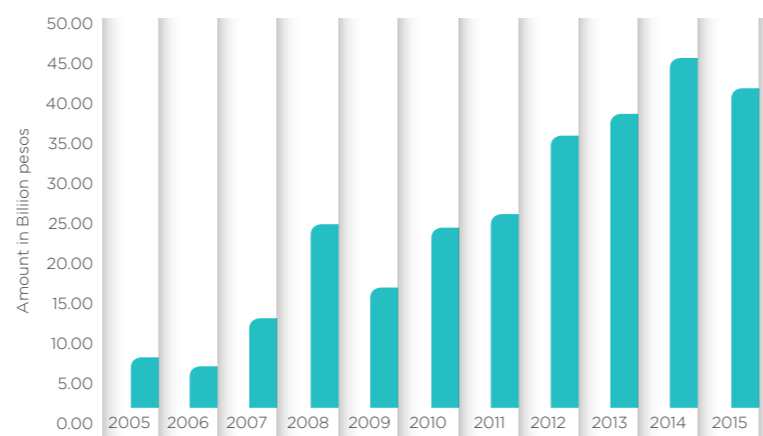


	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contributions, % inc./dec.)	8.1	10.7	17.7	11.4	5.0	9.6	8.5	9.6	9.3	17.1	9.9
Investment and Other Income, % inc./dec.)	39.1	(1.7)	47.6	62.8	(21.0)	21.2	7.2	13.5	1.5	0.4	(14.6)
Benefits, % inc./dec.)	3.1	12.6	16.5	11.8	6.1	7.1	7.2	1.7	8.6	12.3	9.7
Operating Expenses, % inc./dec.)	5.8	13.2	6.9	(1.1)	4.9	0.6	5.7	2.7	(1.1)	6.2	9.0

Consolidated Net Revenue (in billion pesos)

Year	Amount	% inc./dec.)
2011	25.55	11.9
2012	36.20	41.7
2013	38.36	6.0
2014	44.47	15.9
2015	40.69	(8.5)

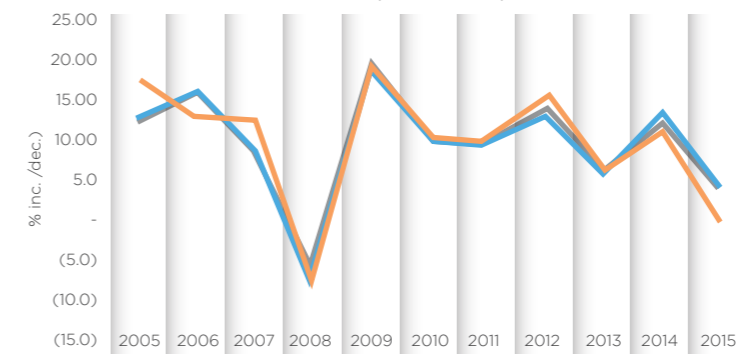
Consolidated Net Revenue



SS Growth of Assets, Reserves, and Investments (in billion pesos)

Year	Assets	Reserves	Investments
2011	294.67	286.96	276.75
2012	333.58	322.20	317.48
2013	354.32	341.41	339.28
2014	395.75	386.90	377.18
2015	411.28	402.61	378.06

SS Growth of Assets, Reserves, and Investments



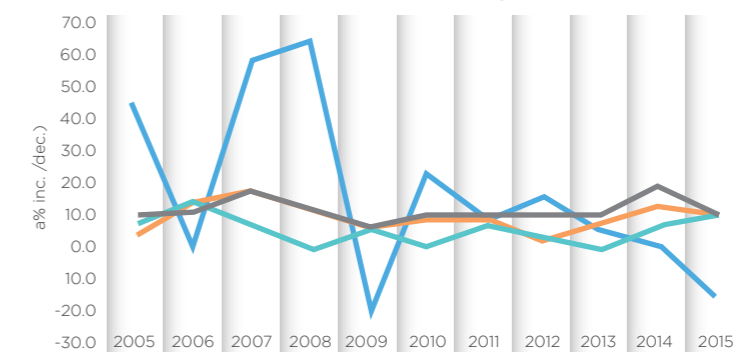
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assets, % inc./dec.)	12.5	15.8	9.3	(6.8)	18.3	9.4	8.7	13.2	6.2	11.7	3.9
Reserves, % inc./dec.)	12.2	16.2	8.8	(8.3)	19.1	9.2	9.3	12.3	6.0	13.3	4.1
Investments, % inc./dec.)	16.2	12.7	12.5	(8.8)	18.8	10.4	9.5	14.6	6.9	11.2	0.2

SS Contributions, Investment & Other Income, Benefits, and Operating Expenses (in billion pesos)

Year	Contributions	Investment & Other Income	Benefits	Operating Expenses
2011	84.60	28.56	81.68	7.42
2012	92.73	32.69	83.15	7.63
2013	101.40	33.71	90.42	7.56
2014	118.94	33.78	101.50	8.03
2015	130.79	28.46	111.49	8.76

Social Security Fund Progress of Operations

SS Contributions, Investment & Other Income, Benefits, and Operating Expenses

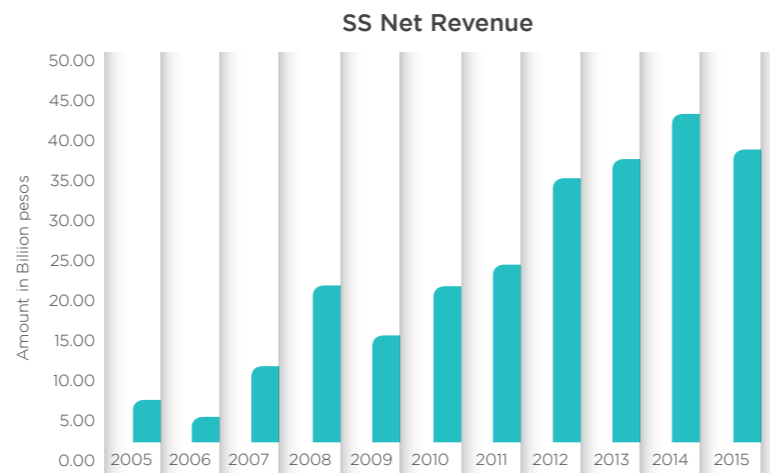


	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contributions, % inc./dec.)	8.4	10.5	17.7	11.4	5.2	9.5	8.5	9.6	9.4	17.3	10.0
Investment and Other Income, % inc./dec.)	44.4	0.7	56.3	62.7	(21.0)	22.9	5.7	14.4	3.1	0.2	(15.7)
Benefits, % inc./dec.)	3.3	13.0	16.9	12.0	6.2	7.2	7.4	1.8	8.7	12.3	9.8
Operating Expenses, % inc./dec.)	6.0	13.5	7.2	(0.9)	5.0	0.7	5.9	2.8	(1.0)	6.2	9.2

Social Security Fund Progress of Operations

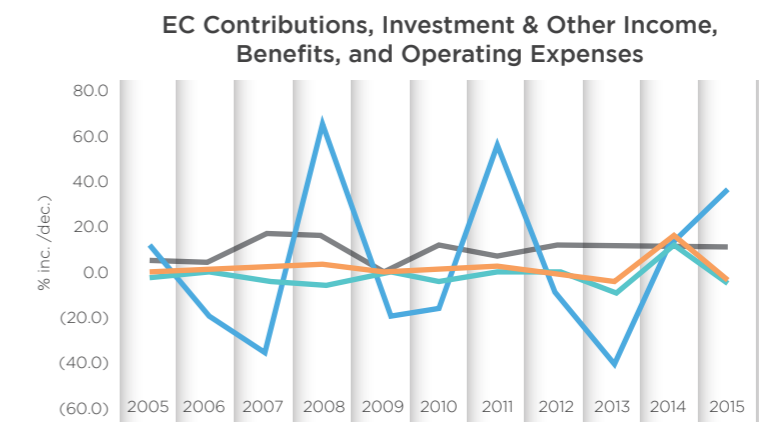
SS Net Revenue
(in billion pesos)

Year	Amount	% inc./dec.
2011	24.06	10.0
2012	34.63	44.0
2013	37.14	7.3
2014	43.19	16.3
2015	38.99	(9.7)



**EC Contributions, Investment & Other Income,
Benefits, and Operating Expenses**
(in billion pesos)

Year	Contributions	Investment & Other Income	Benefits	Operating Expenses
2011	1.37	1.30	1.08	0.10
2012	1.48	1.20	1.03	0.09
2013	1.61	0.68	0.98	0.08
2014	1.71	0.75	1.10	0.09
2015	1.83	1.03	1.07	0.08

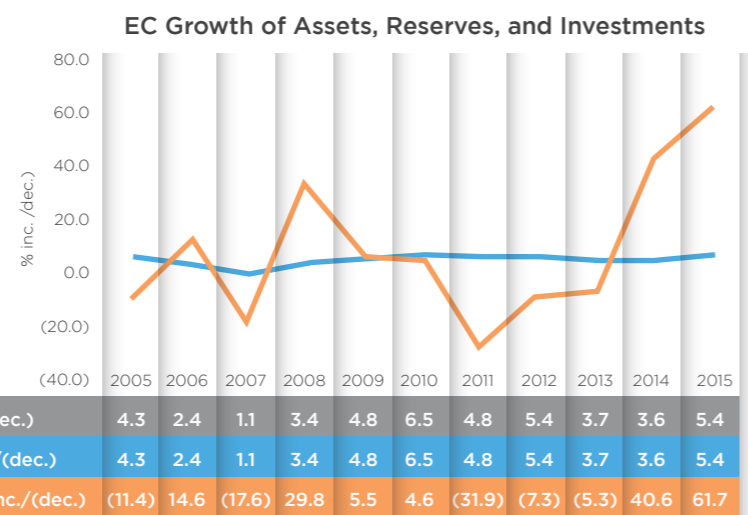


Contributions, % inc./dec.	4.1	2.6	16.4	14.3	(2.2)	11.1	4.0	8.3	8.3	6.6	6.9
Investment and Other Income, % inc./dec.	9.2	(20.0)	(34.9)	64.9	(19.6)	(16.6)	56.6	(7.5)	(43.8)	11.4	36.2
Benefits, % inc./dec.	(4.4)	(1.7)	1.0	1.5	(1.0)	(0.0)	(0.8)	(4.7)	(4.1)	11.5	(2.3)
Operating Expenses, % inc./dec.	(2.1)	(1.3)	(7.2)	(10.0)	(2.2)	(6.1)	(2.5)	(3.6)	(12.5)	5.2	(3.2)

Employees' Compensation & State Insurance Fund Growth of Assets, Reserves, and Investments

EC Growth of Assets, Reserves, and Investments
(in billion pesos)

Year	Assets	Reserves	Investments
2011	27.71	27.71	14.06
2012	29.22	29.22	13.04
2013	30.31	30.31	12.36
2014	31.41	31.41	17.38
2015	33.12	32.91	28.09

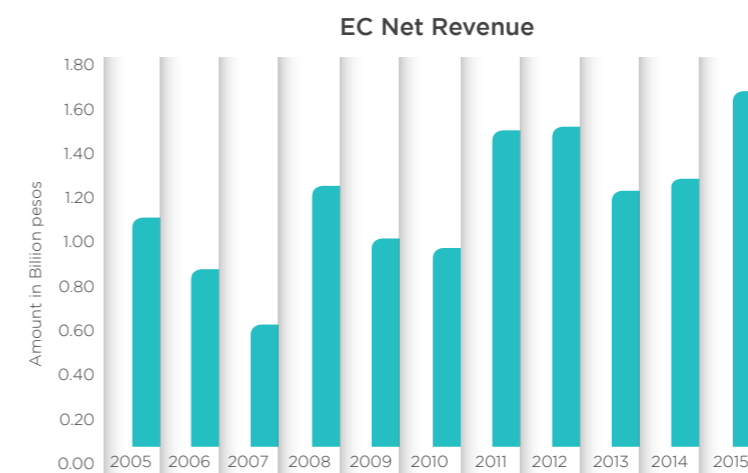


Assets, % inc./dec.	4.3	2.4	1.1	3.4	4.8	6.5	4.8	5.4	3.7	3.6	5.4
Reserves, % inc./dec.	4.3	2.4	1.1	3.4	4.8	6.5	4.8	5.4	3.7	3.6	5.4
Investments, % inc./dec.	(11.4)	14.6	(17.6)	29.8	5.5	4.6	(31.9)	(7.3)	(5.3)	40.6	61.7

EC Net Revenue
(in billion pesos)

Year	Amount	% inc./dec.
2011	1.50	55.6
2012	1.57	4.7
2013	1.22	(22.4)
2014	1.28	5.4
2015	1.70	32.6

Employees' Compensation & State Insurance Fund Progress of Operations



Social Security Commission



1. JUAN B. SANTOS

Chairman
Date and Place of Birth: 13 August 1938 / Manila
Age: 77
Date of Appointment: 17 August 2010
Date of Reappointment: 24 September 2013

2. EMILIO S. DE QUIROS, JR.

Vice-Chairman
Date and Place of Birth: 27 September 1948 / Manila
Age: 67
Date of Appointment: 16 August 2010
Date of Reappointment: 24 September 2013

3. ROSALINDA D. BALDOZ

Ex-Officio as Secretary of Labor
Date and Place of Birth: 11 June 1950 / Tagaytay City
Age: 65
Date of Appointment: 30 June 2010 (Acting DOLE Secretary)
Date of Reappointment: 16 October 2010 (DOLE Secretary)



4. DIANA B. PARDO-AGUILAR

Member
Date and Place of Birth: 27 October 1963 / Manila
Age: 52
Date of Appointment: 17 August 2010
Date of Reappointment: 24 September 2013

5. DANIEL L. EDRALIN

Member
Date and Place of Birth: 23 December 1950 / Sampaloc, Manila
Age: 65
Date of Appointment: 17 September 2010

6. IBARRA A. MALONZO

Member
Date and Place of Birth: 18 March 1944 / Davao City
Age: 71
Date of Appointment: 15 November 2010

7. BIENVENIDO E. LAGUESMA

Member
Date and Place of Birth: 3 October 1950 / Sta. Cruz, Manila
Age: 65
Date of Appointment: 24 February 2011
Date of Reappointment: 24 September 2013

8. EVA B. ARCOS

Member
Date and Place of Birth: 30 May 1961 / Tabaco, Albay
Age: 54
Date of Appointment: 17 December 2014

9. MICHAEL VICTOR N. ALIMURUNG

Member
Date and Place of Birth: 9 January 1975 / Makati City
Age: 40
Date of Appointment: 11 September 2015

Office of the Corporate Secretary to the Commission



SANTIAGO DIONISIO R. AGDEPPA
SVP and Commission Secretary



RENATO M. CUSTODIO
AVP, Commission Legal Department I



NAOMI A. ANTAZO
AVP, Commission Legal Department II

Internal Audit Services Division



ANTONETTE L. FERNANDEZ
AVP, Internal Audit Services Division

SSC Trainings in 2015

SSC Member	Subject & Date of Training
Juan B. Santos	Seminar on Corporate Governance August 24, 2015 Rockwell Center, Makati City Sponsor: SGV and Co.
Emilio S. de Quiros, Jr.	Annual Corporate Governance Training Program August 5, 2015 SMX, Pasay City Sponsor: Institute of Corporate Directors AMLA Training for Directors and Executives December 18, 2015 Unionbank Plaza, Ortigas Center, Pasig City Sponsor: UnionBank University
Diana B. Pardo-Aguilar	Corporate Governance Enhancement Session on Data and Information Rules: What the Board Should Know October 30, 2015 Meralco Complex, Pasig City Sponsor: PLDT MLPP Training and e-Learning Examination April 28, 2015 Sponsor: Security Bank
Daniel L. Edralin	Consultation-Workshop on Policy Reforms on Collective Bargaining January 28 to 29, 2015 One Tagaytay Place Hotel Suites, Tagaytay City Sponsors: DOLE/ILO Continuing Education Seminar for Accredited Voluntary Arbitrators October 22 to 23, 2015 DOLE Building, Intramuros, Manila Sponsor: DOLE
Ibarra A. Malonzo	Seminar on Corporate Governance October 12, 2015 Shang Grand Tower, Makati City Sponsor: SGV and Co.
Bienvenido E. Laguesma	Corporate Governance Enhancement Session on Data and Information Rules: What the Board Should Know October 30, 2015 Meralco Complex, Pasig City Sponsor: PLDT
Eva B. Arcos (replaced Comm. Marianita O. Mendoza on January 7, 2015)	Corporate Governance Orientation Program November 12, 2015 Peninsula Manila, Makati City Sponsor: Institute of Corporate Directors
Michael Victor N. Alimurung (took office on October 6, 2015)	Seminar on Corporate Governance November 23, 2015 Unionbank Plaza, Ortigas Center, Pasig City Sponsor: SGV and Co.
Santiago Dionisio R. Agdeppa Commission Secretary	Basic Compliance and Ethics Academy October 19 to 22, 2015 Sponsor: Society of Corporate Compliance and Ethics

* The Social Security System conducts Corporate Orientation Program for every newly-appointed member of the Social Security Commission. Included in the said Orientation Program are the institutional philosophy, historical highlights, resources, corporate directives and accomplishments of the SSS, among others.

SSS Management

PRESIDENT & CEO, EXECUTIVE VICE PRESIDENT
& SENIOR VICE PRESIDENT



EMILIO S. DE QUIROS, JR.
President & CEO



RIZALDY T. CAPULONG
EVP, Investments Sector



EDDIE A. JARA
SVP, Visayas and Mindanao
Operations Group



JOEL A. LAYSON
SVP, Information Technology
Management Group



JOSIE G. MAGANA
SVP, Luzon Operations Group



VOLTAIRE P. AGAS
SVP, Legal Services Division



JOSE B. BAUTISTA
SVP, NCR Operations Group



MAY CATHERINE C. CIRIACO
SVP, Administration Group &
Concurrent OIC, Lending & Asset
Management Division



GEORGE S. ONGKEKO, JR.
Chief Actuary and SVP, Actuarial
Services Division



ELVIRA G. ALCANTARA-RESARE
SVP, Controllership Group



JUDY FRANCES A. SEE
SVP, Account Management Group
& Concurrent OIC, International
Operations Division

SSS Management

VICE PRESIDENT, EQUIVALENT RANK & OFFICER-IN-CHARGE



ANTONIO S. ARGABIOSO
Large Accounts Division
and Concurrent OIC,
NCR Large Accounts Department



NICHOLAS C. BALBUENA
Computer Operations Division



MARISSU G. BUGANTE
Public Affairs and Special
Events Division



ELEONORA Y. CINCO
Corporate Policy and Planning
Department and Concurrent
OIC, Management Services
and Planning Division



JOSEFINA O. FORNIÑOS
Central Processing Division



JEAN V. LAGRADA
Budget Department and
Concurrent OIC,
Financial and Budget Division



JESSE J. CABEROY
Human Resource
Management Division



REGINALD G. CANDELARIA
Capital Market Division



HIDELZA B. CASTILLO
Technical Support Division



MARIA LOURDES N. MENDOZA
Office of the President & CEO



ALAN GENE O. PADILLA
Application Systems Division



NESTOR R. SACAYAN
General Services Division

SSS Management

VICE PRESIDENT, EQUIVALENT RANK & OFFICER-IN-CHARGE



GWEN MARIE JUDY D. SAMONTINA
Planning and Research Division



AGNES E. SAN JOSE
Benefits Administration Division



MARIO R. SIBUCAN
Office of the Branch Operations Sector



GUILLERMO M. URBANO, JR.
Treasury Division



BRENDA P. VIOLA
Medical Program Department and Concurrent OIC, Medical Services Division

SSS Management

ASSISTANT VICE PRESIDENT, EQUIVALENT RANK & OFFICER-IN-CHARGE



HELEN L. ABOLENCIA
NCR North Division



VILMA P. AGAPITO
Luzon Central Division



EDWIN M. ALO
Mindanao North Division



CYNTHIA O. BARCELON
NCR South Division



ELISA B. BAROQUE
Medical Operations Department



RAUL A. CASIANO
OIC, Western Visayas 2 Division



NOEL L. COYUPAN
Professional Sector Department

SSS Management

ASSISTANT VICE PRESIDENT, EQUIVALENT RANK
& OFFICER-IN-CHARGE



VIRGINIA S. CRUZ
Luzon South 1 Division



RENATO JACINTO S. CUISIA
Operations Legal Department



NILO D. DESPUIG
Luzon Bicol Division



NELSON P. IBARRA
NCR East Division



EDMUND P. LEE
Office of the President & CEO



EDWIN B. MALIWAT
Engineering and Maintenance
Department



NORMITA M. DOCTOR
Retirement, Death,
and Funeral Benefits
Administration Department



JOCELYN M. EVANGELISTA
Sickness, Maternity
and Disability Benefits
Administration Department
and Concurrent OIC, Benefits
Oversight and Review
Department



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Mindanao West Division



RENATO N. MALTO
Records and Information
Management Department
and Concurrent OIC, Service
Delivery Department



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Operations Accounting Division



BOOBIE ANGELA A. OCAY
Member Loans Department



RENTONY C. GIBE
Actuarial Department



LUIS V. OLAIS
Luzon North Division

SSS Management

ASSISTANT VICE PRESIDENT, EQUIVALENT RANK
& OFFICER-IN-CHARGE



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Mindanao South Division



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Cooperatives and Informal
Sector Department



HYDEE R. RAQUID
Procurement Management
Department



HELEN C. SOLITO
Visayas Central Division



CARMEN O. SORIANO
Pensions Administration
Department



MANOLITO C. TAGALOG
Luzon South 2 Division



REYNALDO S. RASCO
Investment Research and
Support Department



DAISY S. REAL
Performance Management
and Employee Relations
Department



LORELIE D. SANTOS
Risk Management
Department



MARISSA L. TIZON
Office of the President & CEO



ARNOLD A. TOLENTINO
Quality Management
Department



MARIANO PABLO S. TOLENTINO
Asset Management Department



MA. LUISA P. SEBASTIAN
Media Affairs Department



JOSELITO A. VIVIT
Corporate Legal Department

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Administration Department

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Sickness, Maternity and Disability Benefits
Administration Department and
Concurrent Officer-in-Charge,
Benefits Oversight and Review
Department

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Department and Concurrent Officer-in-
Charge, Service Delivery Department

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Operations Accounting Division

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Member Loans Department

LUIS V. OLAIS
Luzon North Division

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Department

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Procurement Management Department

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Performance Management and Employee
Relations Department

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Risk Management Department

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Media Affairs Department

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Pensions Administration Department

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Luzon South 2 Division

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Concurrent Officer-in-Charge, Medical
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Custody Department

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Maintenance Department IV

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Analysis Department

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Maintenance Department III

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Collection Data Processing and
Reconciliation Department

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Member Relations Department

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Applications Development and
Maintenance Department I

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Branch Accounting Department

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Technology Research Department

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Department

* Officer-in-Charge

* Officer-in-Charge

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Technical Support Department III

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Cubao Branch

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Kalookan Branch

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Valenzuela Branch

ROWENA A. FESALBON
Eastwood Branch

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San Francisco Del Monte Branch

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(Formerly Commonwealth Branch)

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Tanay Branch

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SUSAN REBECCA D. LARION
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Mandaluyong Branch

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Mandaluyong-Shaw Branch

TERESITA V. SOLIMAN
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MARICHI S. TRINIDAD
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Tondo Branch

VIRGINIA F. CALASAHAN
Legarda Branch

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Sta. Mesa Branch

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Pasay-Taft Branch

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Isetan (Recto) Branch

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RHODORA G. BONITA
Taguig Branch

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Makati-J.P. Rizal Branch

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Parañaque Branch

CRISTINE GRACE B. FRANCISCO
Makati-Ayala Branch

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Las Pinas Branch

CATHERINE T. GOMEZ
Alabang-Zapote Branch

FE B. NUNEZ
Taguig-Gate 3 Branch

RHUENA ANNE MARIE C. OCAMPO
Parañaque-Tambo Branch

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Alabang Branch

HOECHST R. POTATO
Guadalupe Branch

LUZON OPERATIONS GROUP

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GLORIA CORAZON M. ANDRADA
La Union Branch

RODERICK M. ANDRADA*
Agoo Branch

JANET D. CANILLAS
Vigan Branch

BENEDICTA B. GARCIA
Bangued Branch

BENJAMIN R. LOPEZ
Laoag Branch

FRANCISCO F. PENTECOSTES
Candon Branch

CECILLE T. SALLY*
Bontoc Branch

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Baguio Branch

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ESTRELLA R. ARAGON
Cauayan, Isabela Branch

PORFIRIO M. BALATICO
Tuguegarao Branch

ROMEO E. REYES
Santiago, Isabela Branch

JOSE RIZAL S. TARUN
Solano Branch

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Iba Branch

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Alaminos Branch

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Baler Branch

JORDAN A. HERRERA*
Mariveles-BEPZ Branch

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San Jose, Nueva Ecija Branch

MARIA MAXIMA C. MACARAEG
Tarlac Branch

NARCISO M. MARTINEZ, JR.
Urdaneta Branch

MONALISA C. NARDO
Camiling Branch

CEASAR P. SALUDO
Dagupan Branch

JOEL Y. VILLAFUERTE
Balanga Branch

PRIMITIVO D. VERANIA, JR.
Cabanatuan Branch

LUZON CENTRAL 2 DIVISION

NORMITA M. CRUZ
Angeles Branch

MARITES A. DALOPE
Sta. Maria Branch

PABLITA A. DAVID
Meycauayan Branch

CORITA M. GADUANG
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FRANCISCO PAQUITO L. LESCANO
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Tagaytay Branch

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Rosario (EPZA) Branch

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Dasmariñas Branch

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Lemery Branch

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Boac Branch

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Batangas Branch

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Odiongan Branch

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Lipa Branch

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Calapan Branch

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Virac Branch

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Sorsogon Branch

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Tabaco Branch

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Goa Branch

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Naga Branch

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Masbate Branch

ELENITA S. SAMBLERO
Legazpi Branch

VIRGILIO A. SANTIAGO
Daet Branch

PRISCO S. SORSONA
Iriga Branch

VISAYAS AND MINDANAO OPERATIONS GROUP

VISAYAS CENTRAL 1 DIVISION

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Toledo Branch

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Mandaue Branch

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Talisay Branch

MARIO V. CORRO
Cebu Branch

ALBERTO L. MONTALBO
Lapu-Lapu Branch

MARINO B. TALICTIC
Tagbilaran Branch

VISAYAS CENTRAL 2 DIVISION

GREGORIO S. BAROZA
Maasin Branch

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Tacloban Branch

AILEEN A. OLARAN
Calbayog Branch

BENJAMIN A. POMBO
Catbalogan Branch

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Ormoc Branch

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Dumaguete Branch

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San Carlos Branch

BRENDA B. CRUZ*
Victorias Branch

SOCORRO B. FERRER
Visayas West Division

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Bago Branch

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Sagay Branch

TERESITA T. GONORA*
Bacolod Branch

GERALD T. GONZALES*
Kabankalan Branch

LINA V. HILADO
Bacolod East Branch

* Officer-in-Charge

* Officer-in-Charge

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Bais Branch

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Roxas Branch

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Antique Branch

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Cagayan De Oro-Lapasas Branch

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Gingog Branch

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Butuan Branch

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Ozamis Branch

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Iligan Branch

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Davao Branch

MARY ELLEN A. ESTOQUE
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Digos Branch

ROSELANE B. PLAZA
Bislig Branch

EREC C. RANA*
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Panabo Branch

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REDENTOR S. VIOLA
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CRISTINA A. BACALLA*
Luzon Regional Processing Department

ELVIRA B. BANICO*
Visayas-Mindanao Regional Processing Department

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In 2015, the Governance Commission for Government-Owned and Controlled Corporations (GCG) has recognized the Social Security System as compliant with its Good Governance Conditions as well as with the Inter-Agency Task Force (IATF) on the Humanization of National Government Performance Monitoring, Information and Reporting Systems which was created pursuant to Malacañang Administrative Order No. 25 s. 2011.

* Officer-in-Charge



SOCIAL SECURITY SYSTEM

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