



KAAGAPAY AT KABALIKAT SA PAGBABAGO

2016 ANNUAL REPORT

ABOUT THE THEME

This theme reflects our institution's unity with the new government's thrust for meaningful change, and embodies our enduring promise to be a steady, reliable, and relevant partner of Filipino workers and their families in these changing times.

Being the Filipinos' "*Kaagapay at Kabalikat*" is a demanding but fulfilling task that the SSS has faithfully carried out for nearly six decades. There were challenges along the way but the SSS never lost sight of its social protection objectives and never stopped looking for ways to make its benefits more meaningful and its services more accessible for its members.

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.

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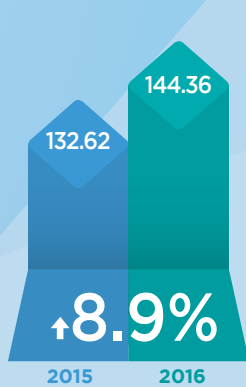
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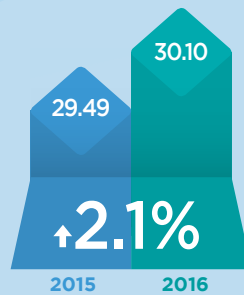
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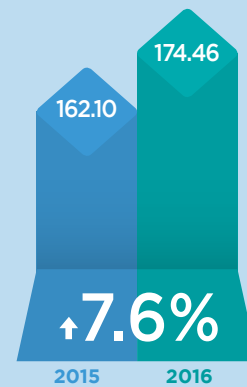
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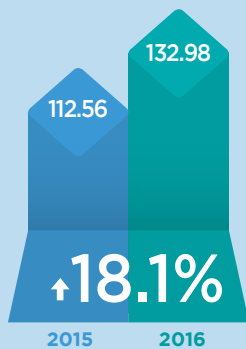
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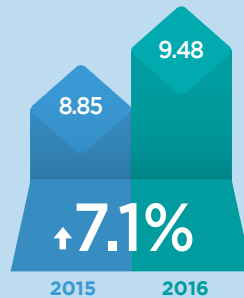
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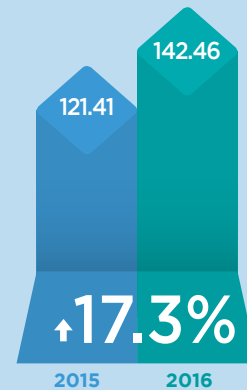
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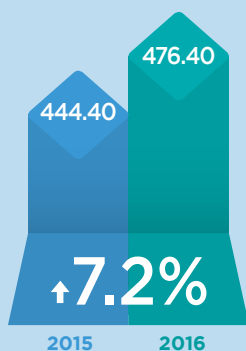
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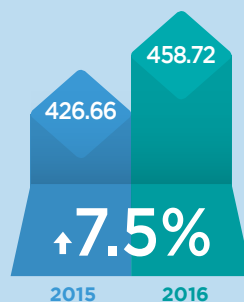
OPERATING EXPENSES
(in billion pesos)



EXPENDITURES
(in billion pesos)



ASSETS
(in billion pesos)



INVESTMENT LEVEL
(in billion pesos)



275 LOCAL BRANCHES

22 FOREIGN OFFICES INCLUDING POEA BRANCH



NEW COVERED MEMBERS

COMPARATIVE HIGHLIGHTS (AMOUNTS IN MILLION PESOS)

CONSOLIDATED	For the year		Increase/(Decrease)	
	2016	2015	Amount	%
A. REVENUES & EXPENDITURES				
Revenues	174,461.12	162,101.87	12,359.25	7.6
Members' Contribution	144,364.88	132,615.00	11,749.88	8.9
Investment and Other Income	30,096.24	29,486.87	609.37	2.1
Expenditures	142,456.15	121,407.20	21,048.95	17.3
Benefit Payments	132,978.77	112,560.82	20,417.95	18.1
Operating Expenses	9,477.38	8,846.38	631.00	7.1
Net Revenue/(Loss)	32,004.97	40,694.67	(8,689.70)	(21.4)
B. ASSETS & RESERVES				
Assets	476,396.48	444,399.29	31,997.19	7.2
Investments	440,077.07	406,156.81	33,920.26	8.4
Property and Equipment	4,767.87	4,556.17	211.70	4.6
Others	31,551.54	33,686.31	(2,134.77)	(6.3)
Liabilities	11,976.34	8,874.92	3,101.42	34.9
Reserves	464,420.15	435,524.38	28,895.77	6.6
SOCIAL SECURITY FUND ¹				
A. REVENUES & EXPENDITURES				
Revenues	170,969.02	159,246.17	11,722.85	7.4
Members' Contribution	142,451.26	130,786.30	11,664.96	8.9
Investment and Other Income	28,517.76	28,459.87	57.89	0.2
Expenditures	141,283.33	120,251.50	21,031.83	17.5
Benefit Payments	131,883.67	111,489.16	20,394.51	18.3
Operating Expenses	9,399.66	8,762.34	637.32	7.3
Net Revenue/(Loss)	29,685.69	38,994.67	(9,308.98)	(23.9)
B. ASSETS & RESERVES				
Assets	441,833.48	411,275.17	30,558.31	7.4
Investments	406,396.76	378,064.12	28,332.64	7.5
Property and Equipment	4,767.88	4,556.17	211.71	4.6
Others	30,668.84	28,654.88	2,013.96	7.0
Liabilities	11,963.97	8,663.10	3,300.87	38.1
Reserves	429,869.51	402,612.07	27,257.44	6.8
EMPLOYEES' COMPENSATION AND STATE INSURANCE FUND				
A. REVENUES & EXPENDITURES				
Revenues	3,492.11	2,855.70	636.41	22.3
Members' Contribution	1,913.62	1,828.70	84.92	4.6
Investment and Other Income	1,578.49	1,027.00	551.49	53.7
Expenditures	1,172.82	1,155.70	17.12	1.5
Benefit Payments	1,095.11	1,071.66	23.45	2.2
Operating Expenses	77.71	84.04	(6.33)	(7.5)
Net Revenue/(Loss)	2,319.29	1,700.00	619.29	36.4
B. ASSETS & RESERVES				
Assets	34,563.00	33,124.13	1,438.87	4.3
Investments	33,680.30	28,092.69	5,587.61	19.9
Others	882.70	5,031.43	(4,148.73)	(82.5)
Liabilities	12.37	211.82	(199.45)	(94.2)
Reserves	34,550.64	32,912.31	1,638.33	5.0

¹Includes Flexi and PESO funds

▶ MESSAGE FROM THE PHILIPPINE PRESIDENT





Malacañan Palace
Manila

MESSAGE

My warmest greetings to the **Social Security System (SSS)** on the release of its **2016 Annual Report**.

In the past year, SSS was able to dispense over P133-Billion worth of benefit payments for close to three million claims. More importantly, it continues to meet the needs of its 35-million strong membership through accessible, timely and professional services in its 297 branches.

May the organization continue to provide adequate, relevant and viable social protection to those who need it most. I trust that your institution will work doubly hard to sufficiently meet the most pressing needs of its members – whether in times of sickness, childbirth, disability, old age, or death. May SSS funds be more than enough to cover benefit obligations not just today, but even beyond the lifetime of its beneficiaries.

Working together, let us ensure the long-term financial stability of the Social Security Fund without burdening the current members nor the public taxpayers.

I salute the men and women of SSS for their unwavering commitment to serving and improving the lives of our countrymen. Congratulations for a job well done and more success in the years to come.

RODRIGO R. DUTERTE

President
Republic of the Philippines

MANILA
May 2016

▶ MESSAGE FROM THE CHAIRMAN



A RE-ENERGIZED AND RE-FOCUSED COMMISSION

The year 2016 is significant with the overwhelming electoral mandate of Davao City Mayor Rodrigo Roa Duterte as the new President. This was followed by the installation of a new set of leadership in the Social Security System.

The new Commission immediately set the tone for the adoption of best practices in the administration and governance of the system to ensure the protection and care of all SSS members, including its pensioners. Thus, the adoption of an across-the-board benefit increase of P1,000.00 effective January 2017, with an additional P1,000.00 benefit increase to be given in 2022 or earlier.

Reduction of Red Tape. The Duterte administration's call for unhampered and convenient services to the people is adopted as SSS corporate agenda. The streamlining of procedures resulted in reduced processing time from the submission of claim applications to release of the benefits. Thus, the removal of redundant and unnecessary requirements. The new Commission envisions a dynamic automation or IT structure that will enable real time posting of SSS contributions. It will result in making SSS members updated of their membership status as well as payments of their pending loans.

Governance and Administration. The new Commission provided policy guidance on good governance and administration.

- To improve the fund viability, the new Commission reviewed the efficacy of all SSS investments.
- The new Commission introduced creative and vigorous investment plans, with new approaches to investing (e.g., public-private-partnership or PPP).
- To maximize revenue yield from other types of assets and minimize the need to avail of the revolving credit line, the new Commission approved the revision of SSS asset allocations.
- As a social security institution, the expansion of membership is a high priority. Hence, the new Commission set the increased goals for coverage efficiency.

Social Assistance. The new Commission approved donations to ten (10) charitable organizations that provide services, education, and care for persons with disability (PWDs). The amount of P1.2 million, representing P500,000 coming from voluntary donations of SSS employees and P700,000 as management counterpart donation, were distributed equally to Adaptive Technology for Rehabilitation, Integration and Empowerment of the Visually Impaired, Autism Society of the Philippines, Chosen Children Village Foundation, Cleft Foundation, Handicapped Care Association, Handicapped Center Lourdes, House With No Steps Foundation (Philippines), Kaisahan ng Magulang at Anak Na May Kapansanan, Link Center for the Deaf, and the Philippine National School for the Blind.

Financial assistance was also granted to the Department of Labor and Employment (DOLE) to help distressed overseas Filipino workers (OFWs) who were displaced as a result of falling oil prices and business difficulties facing major construction companies in the Middle East. The new Commission likewise approved programs to assist members, pensioners and SSS personnel, affected by calamities, such as Super Typhoons Lawin, Karen, and Nina, in calamity-areas declared by the National Risk Reduction and Management Council (NDRRMC).

Transparency. In all contracts and transactions, the new Commission advocates transparency. In compliance with Executive Order No. 02 entitled “Operationalizing In the Executive Branch The People’s Constitutional Right To Information And The State Policies To Full Public Disclosure And Transparency In The Public Service And Providing Guidelines Therefore”, the SSS People’s Freedom of Information (FOI) Manual was approved.

Contractualization. With President Duterte’s vow to stop contractualization, the new Commission directed a revisit of the SSS organizational structure, with the end in view of regularizing its qualified contractual employees.

Care for SSS Members. The new Commission shows its concern for the financial future of SSS members by approving for implementation various programs and policies to help them keep their future benefits secured and intact. The SSS Loan Restructuring Program and various Calamity Loan Assistance Programs (CLAP) were implemented in 2016 to financially assist members affected by calamities. The CLAP was made more compassionate to members’ circumstances than the previous calamity loan program (i.e., Salary Loan Early Renewal Program) by doing away with the condition of members settling previous loan obligations first, so that they can get the new calamity loan amount in full.

To facilitate the processing and immediate payment of members’ claims, the policies on pension adjustments and posting of the 1985 to 1989 contributions were approved. For members’ availment of benefits, certain qualifying conditions and documentary requirements were eased up, while interest rates on loans are continually being reviewed.



P1.2M

TOTAL DONATIONS TO TEN
CHARITABLE ORGANIZATIONS

ACCOMPLISHMENTS OF SSC COMMITTEES

The chairpersons and members of SSC Committees helped SSS in attaining its broad objectives of expanding coverage, continuing effort to improve and energize contribution collections, delivering better service, realizing the investment goals, subscribing to good governance policies, and enhancing institutional image and member/stakeholder awareness.

1. Investments Oversight Committee

The Committee undertook these specific policy initiatives and special projects:

- A. Transparency in the selection and evaluation of custodians and brokers, accreditation of banks, non-bank intermediaries, financial institutions and third-party collection and payment centers by adopting the following, viz:
 - Revised Guidelines on Accreditation of SSS Arrangers/Dealers and Accreditation of Entities as voice broker
 - Participation and Guidelines on Domestic Mutual Funds
 - Placement in Fixed Rate Bonds Offering of Companies
 - Memorandum of Agreement (MOA) between SSS and CIS Bayad Center, Inc. and the Philippine Stock Exchange
 - Renewal on established Domestic Bills Purchase Line with PNB
 - Accreditation and placement in US-dollar denominated bonds and domestic issuers.
- B. Reviewed and adopted investment guidelines in line with the SSC's overall investment objectives and prevailing investment policies, specifically the implementation of the Department of Justice's opinion on the evaluation of Stock Rights Offering.
- C. Adopted investment strategies, such as the amendment to the guidelines for the disposal of SSS Acquired Assets, development of prime properties through joint venture to ensure recurring income for the fund.

2. IT Committee

The Committee is tasked to review IT-related programs and projects as recommended by Management. It also supports the SSC's ongoing efforts to improve and enhance SSS e-services, particularly in relation to the following: 1) Real-time posting; 2) Pre-approved salary loans; and 3) Pre-employment registration of the youth, especially high school students, who will be part of the employment force in the future.

The new Commission mandated the Committee to review and pinpoint the impediments to the implementation of real and on-time e-services, and strict implementation of the Account Management System.

In 2016, the Committee reviewed 31 IT Management Group (ITMG)-initiated and 22 business-driven projects, as well as projects reverted back by SSC to IT Committee for further study, which include the following:

- **Improvement of Data Center Operations and Environment** to improve security, management of server and replace existing check burster acquired in 1995
- **System Performance Monitoring** to enable ITMG to respond performance issues of system components for mission-critical applications thereby ensuring uninterrupted service to members
- **Front-end Resources (Acquisition of 1,502 PC workstations)** - to replace outdated PC workstations and printers, and to provide laptops for new account officers. (1,507 PCs ongoing configuration - 400 laptops, 600 printers & 865 PCs)
- **Core Network Equipment Upgrade** to replace the existing routers running mission-critical servers
- **Non-impact Printer** to replace unit acquired in 1998 used in the generation of checks, reports and communications to members
- **Network Equipment Upgrade** to replace existing mission-critical network resources
- **Web Content Filtering** to replace the existing units acquired in 2010 and to ensure that user access to the internet complies with the policy defined by the SSS

- **Web Load Balancer** to improve performance of the SSS Website
- **90 Ethernet Switches** to replace existing units deployed in the branches
- **Routers/Switches for nine (9) Processing Centers** to improve network performance of the processing centers nationwide
- **Network Monitoring System** to enable NCD to monitor network performance to ensure uninterrupted and optimum access to SSS mission-critical applications
- **External DNS** to replace the existing unit serving the SSS website and other mission-critical servers in the DMZ
- **10G Switch for DMZ** to replace the existing unit for optimum and improved network performance
- **Video Conferencing System** to enable real-time communication between SSS Main Office, Cebu and Davao
- **IP Radio** to provide voice and data communication facilities to support SSS operations of the EMD in the SSS LTO property
- **PRTG Server** to enable monitoring of link availability of branches connected to the SSS network
- **System Enhancement of DDR Workflow**
- **SSS Website Redesign**
- **Branch Queue Management Solution**
- **Customer Relationship Management System** to ensure faster service response to member queries and complaints being managed by the Member Relations Department, customer profiling, and automated complaints management
- **Financial Accounting System**
- **Human Resources Information System**
- **Voice Recording System with Telephony Units** to support equities trading and provide transaction logging
- **Biometric Authentication in SSS Transactions** to facilitate identification of transacting members at the Member Assistance Centers and to enable the use of GSIS-issued UMID cards

3. Audit Committee

The Committee acknowledged the 2016 report of the IASG on the following audit projects, which will be considered in the SSC Strategic Planning:

- **Audit of Cash Management** in 46 branches with tellering facilities
- **Audit of DDR Workflow** in six (6) processing centers (Makati, Buendia, La Union, San Pablo, Cebu, Cagayan de Oro and Davao)
- **Audit of 19 Service Offices (SOs)**
- **Audit of AlkanSSSyA Program** in four (4) Clusters (Diliman, Iloilo, Tarlac and Pasig Shaw)
- **Audit of Sickness, Maternity, EC (SMEC) Claims under Western Visayas, Central Luzon, NCR North, and NCR East** in 25 branches
- **Audit of Foreign Branches** in Kuwait, Kuala Lumpur, Al Khobar, Abu Dhabi, Dubai and Doha, Qatar
- **Audit of Large Accounts Divisions** in NCR, Luzon & VisMin
- **Audit of the Held-to-Maturity Investment Financial Assets-Corporate Bonds**
- **Audit of Pryce Corporation Stock to Property Swap Agreement-Memorial Lots**
- **Procurement Management Review of Philippine Bidding Documents for Publication and Award of Contract**
- **Audit of Procurement of Projects Costing Below P7.5-M including Small Value Procurement** – Main Office
- **Audit Disposal of Unserviceable Property and Equipment** – Main Office and one NCR Cluster
- **Audit of Backup System and Disaster Recovery Plan** in Makati
- **Audit of Redesigned Funeral System**
- **ISO – Registration and DDR Process** - 11 branches (five for re-certification and six for certification)
- **Reconciliation of all SSS Real Properties** (special project)

4. Committee on Coverage, Collection and Other Related Matters

The Committee is tasked with setting or recommending strategic directions on coverage and collection, as well as reviewing proposed programs and policies on coverage and collection, compliance and member services, and monitoring their implementation. To aid the performance of its tasks, the Committee supported special projects with view of coming up with strategies, policies and programs that are refined with actual experience on the ground as follows:

- Improved the accreditation of cooperatives as servicing partner agent
- Accredited informal sector groups as servicing partner agent
- Extended coverage of job orders and contractual employees in government through a Memorandum of Agreement between SSS and government agency concerned
- Endorsed the partnership with LGUs which accredit them as SSS collecting agents in areas where there are no banking facilities. The project is now called “MuniSSSipyo KolekSSSyon Center Project”
- Conducted regional dialogues with labor leaders and informal sector groups.
- Endorsed the use of short message service (SMS) on mobile phones as an alternative payment facility for SSS contributions and loan amortization
- Endorsed for SSC approval the policy guidelines on the handling of unremitted collections and penalties by accredited collecting banks
- Invited seafarers’ representatives to dialogue with the Committee

The Committee is also set to endorse to the new Commission the possible adoption of new internal rules on the issuance of warrant of distraint, levy, and garnishment, which aim to ensure that the collection of overdue contributions from delinquent employers is efficient, effective, and immediate. Likewise, pending consideration by the Committee is the proposed prize-linked contribution program which aims to attract and garner more membership especially from the informal sector.

5. Risk Management Committee

The Committee is an oversight body performing functions delegated by the SSC, with membership, structure, duties and responsibilities expressly defined in the Charter, for the adoption, review and validation of the programs for risk management of the SSS. Among the Committee’s accomplishments in 2016 are:

- Required Management to compile and present existing risk policies for analysis and discussion to assess adequacy and identify policy gaps
- Set priority and review chronology of inherent risks specific to government financial institutions like SSS
- Familiarized the organization with the concept of Risk Management and support efforts that encourage growth of a risk awareness culture in SSS
- Reviewed and endorsed the SSS Enterprise Risk Management Policy and the Risk Dashboard
- Formalized and operationalized the SSS Risk Management Manuals (for SSC approval)
- Identified gaps that still need to be addressed through its investment guidelines and endorsed to the Investment Oversight Committee for appropriate action
- Reviewed risks in SSS Operations
- Examined specific IT Risks in SSS, approved and monitored mitigating measures implemented by management
- Reviewed the entire SSS procurement process
- Monitored 1985-1989 Data Entry Project and implementation

6. Committee on Governance, Organization and Appointments

These are the highlights of the Committee's accomplishments:

- Reviewed and endorsed to SSC amendments to the SSS Manual of Corporate Governance, in conformity with GCG's directives on good governance
- Passed upon and endorsed the proposals for SSS Restructuring Plan, which was eventually approved by the GCG
- Reviewed the implementation scheme of the Compensation and Position Classification in the SSS and approved the procurement thru public bidding for the services of a consultant for the adoption of a scheme to implement the same

QUASI-JUDICIAL FUNCTION OF THE SSC

The SSC also acts as collegial body performing *quasi-judicial* function taking cognizance of any dispute arising under the SS Law with respect to coverage, benefits, contributions and penalties thereon, or any other matters related thereto.

Expediting the resolution of cases filed and pending continues to be emphasized by the SSC. For 2016, the number of cases resolved by the SSC are as follows:

• Resolutions/Decisions.....	249
• Final Order (re Motion to Dismiss).....	39
• Final Order.....	245
Motion for Reconsideration.....	62
Issuance of Writ of Execution.....	122
Cases closed and terminated due to payment of liability and other incidents..	61

On May 25, 2016, the SSC approved, through Resolutions Nos. 328 and 329, the 2016 Rules of Procedures and Manual of Execution of Decisions of the Social Security Commission, respectively. On June 27, 2016 and June 28, 2016, both were published in the Philippine Daily Inquirer and Manila Bulletin, respectively. On July 5, 2016, they were filed with the Office of the National Administrative Register. On July 10, 2016, these Rules became effective for implementation.

NEW DIRECTIONS FOR SSC

A few months into office, the new Commission has immediately shown enthusiasm, commitment, and zeal in their appointed roles. Going beyond just being policy-makers, the new Commission aims to understand and know the nuances of SSS operations and administration, so that more responsive and member-oriented policies and programs can be implemented. To this end, Commission and Committee meetings of the SSC have been conducted with increased frequency to discuss, approve, ratify, or deny management actions on a timely basis. Further, dialogues with stakeholders resulting in the adoption of policies to improve the relationship between rank-and-file employees and upper management have been regularly conducted.

At the onset, the new Commission has laid out four milestones that would shape the reforms in the institution, including:

- 1) increased pension levels;
- 2) enhanced and sustainable fund life;
- 3) improved service delivery; and
- 4) the utilization of the pension fund as a tool for economic activity.

These four priority areas were identified in response to the challenge of lawmakers for a more responsive SSS. Guided by the new Commission, the SSS management continues to seek creative solutions to address the institution's long-term viability, and the capacity to meet its obligations to current members and future pensioners.

The new Commission shall explore new and enhanced partnerships with relevant government agencies such as the Philippine Statistics Authority, the National Bureau of Investigation, Professional Regulation Commission, specifically in terms of database-sharing, to facilitate its faster delivery of services and ease the documentary requirements of members. Coordinating with other government offices is necessary so that transacting members can have an easier time in filing their SSS claims and completing their required documents. This will complement SSS plans to improve internal systems through automation of procedures to cut down processing

time of members' benefits, SSS registration and other transactions. Further, plans to strengthen cooperative ties with the leadership of both the Integrated Bar of the Philippines and the Professional Regulation Commission through a proposed Memorandum of Agreement that will institutionalize SSS membership among these professional organizations will greatly maximize benefits for their members.

For the first time too, the institution is considering innovative investment initiatives such as investing in infrastructure development through private-public partnership (PPP) agreements, which is expected to offer the pension fund more stable and profitable returns. The institution also plans to invest in up to 25-percent ownership in utility corporations, toll roads, airports, and the like, to provide the working class better representation during deliberations on rate hikes for electricity, water and other basic utilities. This will maximize income, as well as the potential, of the SSS to spur economic activity and national growth.

The vision is for the institution to be more proactive and innovative in the development, protection, and management of its acquired properties, with the prime objective of generating more income from these real property assets, either through outright sale, long-term lease agreements, or joint venture.

More importantly, the new Commission hopes to work more closely with legislators in order to help draft bills that would bring about a more viable SSS, starting with the long-delayed amendment of the SSS Charter. Various legislative proposals have already been presented before Congress to rationalize powers of the SSC and enable SSS to implement its programs with the goal of growing the Fund.



We therefore thank, foremost, our President Rodrigo Roa Duterte for his unrelenting support and complete trust in the SSS, and the leadership of the Congress for their invaluable assistance.

AMADO D. VALDEZ
Chairman, Social Security Commission



MESSAGE FROM THE PRESIDENT AND CEO



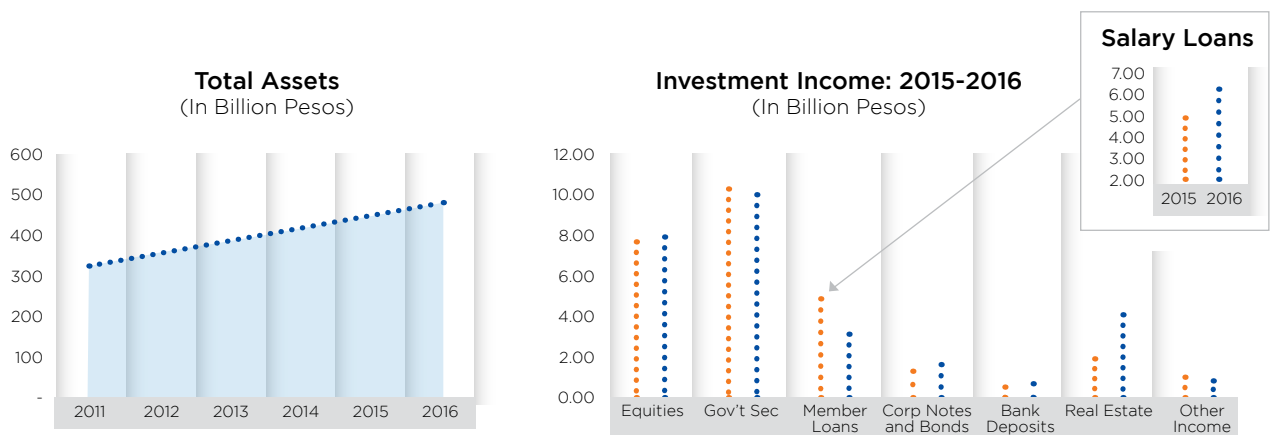
TAKING ON THE CHALLENGE OF CHANGE

The year 2016 marked another milestone in the history of the Social Security System (SSS) as new leadership was put in place, following the election and inauguration of Philippine President Rodrigo R. Duterte.

When I accepted the position of President and CEO of SSS, I knew that I would immediately be confronted with major challenges, foremost of which was the clamor for a P2,000 pension increase – a populist proposal that was strongly supported by many leaders in government, but deemed to be at the expense of the System’s financial stability. Still, I agreed to take the helm of the SSS. To my mind, I can lead the organization in formulating and implementing its reform agenda in order not to jeopardize its financial position and consequently, maintain its viability. After all, social insurance is close to my heart.



“To my mind, I can lead the organization in formulating and implementing its reform agenda in order not to jeopardize its financial position and consequently, maintain its viability.”



STRONG FINANCIAL POSITION PREVAILED

In 2016, total assets of the SSS reached P476 billion brought forth by the significant growth in members' contributions that reached P144.4 billion in 2016, up by nine percent (9%) from 2015 levels. This is an indication that the continuous implementation of programs towards improving compliance of members and employers have borne fruit.

Improvement in SSS investments was recorded in 2016 amid the robust growth of the Philippine economy during the year. **Total investment income rose by two percent (2%) on a year-on-year basis** to P30.1 billion thereby reversing the decline posted in 2015 and yielding a **return on investment (ROI) of 6.6 percent**. Increase in investment income in 2016 was largely attributed to the P2.3 billion rise in income from real estate following the sale of Manila Harbor lots and other acquired assets, as well as the fair value gain from investment properties. Income from salary loans likewise posted a significant growth of 32 percent owing to the interest and principal payments from the Loan Restructuring Program of P2.55 billion. A substantial growth of 22.5 percent in income derived from corporate notes and bonds was likewise posted in 2016 in view of additional investments in fixed rate bonds along with improved yields.

The Loan Restructuring Program for Member-Borrowers Affected by Previous Calamities/ Disaster was launched in April 2016 to provide

some relief to members with past due calamity loans and other short-term member loans who are residing or working in calamity stricken areas as declared by the National Disaster Risk Reduction and Management Council (NDRRMC) or by the National Government. With this program, the sum of principal and accrued interests of all past due short-term loans of the member-borrower is consolidated into one restructured loan, which can be paid either in full or on installment basis for a maximum period of five years. As of end-2016 a total of 417,915 loan accounts from 384,552 member-borrowers were restructured.

Benefit payments also grew in 2016 by 18 percent as the SSS finally released about P11 million to selected pensioners arising from adjustments in their pensions as **contributions for the years 1985 to 1989 were updated**.

IMPROVING SERVICE DELIVERY REMAINED TOP PRIORITY

The kind of service that a company provides to its customers impacts a lot on its bottomline. Towards the provision of a conducive member-centric environment, the SSS opened and relocated a number of branches to decongest the existing ones and make the SSS more accessible to the populace. This year, **15 branches were opened or relocated**. **Five new service offices were likewise created** mostly in large commercial malls, while **11 branches were renovated** to create more positive impact on employees' productivity



and more importantly, on transacting members' comfort and satisfaction levels. By the end of 2016, there are already 275 SSS branches all over the country. Furthermore, **10 additional physical examination (PE) centers were created** to ensure the improved delivery of medical services to SSS members, employees and their dependents. This brings the total PE centers all over the country to 85 by 2016.

In constantly adapting to the changing technologies and customer demands, the SSS effected programs that **enhance electronic and self-service transactions**. Implemented in 2016, members who are not yet receiving retirement benefits can now make use of the **Simulated Benefit Calculator** in the SSS website to view the estimated amount of retirement benefits that they stand to get, given their contribution history, as well as their options to avail of higher benefits if they pay additional contributions. Also, SSS members can now receive **Text Blast reminders and notifications** regarding the settlement of salary loans, posting of contribution payments, SSS advisories, as well as new programs like the PESO Fund, G-Cash, online sickness notification, and loan restructuring program.

The **salary loan releases thru-the-bank program** has been expanded in four additional SSS branches, with Union Bank of the Philippines and Citibank as authorized banks. For purposes of enhancing the efficiency and safety in the

payment of benefits, the **benefit disbursement thru-the bank program for funeral and lump sum disability payment** started implementation in early 2016, replacing the traditional payment-thru-mailed checks approach.

Continued enhancements in major services of the SSS are likewise underway. In 2016, the **Branch Queuing Management System (BQMS)**, which aims to ensure that SSS frontline services are efficiently managed, was piloted in Batasan Hills, Mandaluyong, and Welcome branches.

In an effort to further improve the various SSS core processes towards delivery of quality service to its members, the SSS expanded the Quality Management System (QMS) scope for **ISO certification. Apart from maintaining the ISO certification of 11 branches, an additional 16 branches were added to the list of those ISO-certified on Registration Process** this year. Furthermore, the SSS achieved **ISO-certification on Death, Disability and Retirement (DDR) Processes** initially for Diliman and Camiling branches. As part of the implementation of the International Social Security Association (ISSA) Service Quality Framework in the DDR Process Workflow, the SSS completed the **implementation of the Service Quality Fundamentals in 13 branches**. This is the blueprint of the SSS for Service Quality wherein techniques and approaches in interacting with SSS customers are institutionalized.



CUSTOMER SATISFACTION MEASURED EMPIRICALLY

The SSS identified several customer service ratings to serve as benchmark in measuring how happy and satisfied the members and other customers are with the services of the SSS and know how to further improve them. In mid-2016 the SSS tapped the **services of a third party, Nielsen Company, for the conduct of a nationwide Customer Satisfaction Survey.** The survey results showed a high satisfaction level among members at **89 percent for individual members and a higher 97 percent for member-employers, yielding an overall SSS satisfaction score of 93 percent.** This indicates that the operational enhancements being undertaken by the SSS are bearing fruit. Added to this, the SSS initiated the pilot project Branch Visit Satisfaction Rating System that was implemented in four (4) branches with the aim of measuring the satisfaction level of visiting members as they transact with the SSS frontliners using the “HAPPY/SAD” rating. The pilot survey revealed that the average net satisfaction rating of the four pilot branches for the months of November and December reached a high of 95 percent. In addition, the SSS achieved **Anti-Red Tape Act (ARTA)-compliant processing times for sickness and maternity claims and loans granting** as improvement efforts are continuously exerted toward this end.

INTENSIFIED EFFORTS TOWARDS COMPLIANCE OF EMPLOYERS AND EMPLOYEES

Coverage of employees were further intensified through **accreditation of more cooperatives, micro-finance institutions (MFIs) and informal Sector (IS) associations as partner agents.** In 2016, six (6) memoranda of agreement (MOA) were forged. Meanwhile, 13 MOA were forged



with **professional groups for contractual employees and government agencies for job order contractual. Administrative agreements were likewise established for social security and employees' compensation coverage of Filipino staff of foreign entities in the Philippines** such as the Korea Trade Center, the Philippine Red Cross (PRC) – Bahrain Red Crescent Society, the PRC – Singapore Red Cross, the PRC – Canadian Red Cross, and the PRC – Danish Red Cross.

The rising level of contribution delinquency has been one of the major challenges faced by the SSS. To address the issue, the SSS **intensified its filing of cases against delinquent employers,** with all of cases referred to the Legal Department filed and settled, enabling the collection of P645 million in past due contributions and accumulated penalties.

Recognizing the value of SSS membership prompts a potential member to finally decide to register and contribute to the SSS, and a current member to maintain or increase his/her contributions. Related to this, the SSS commissioned the Philippine Information Agency (PIA) for the conduct of an awareness level survey to evaluate current and potential members' knowledge about SSS benefits and privileges and their opinions about SSS. Results revealed that a great majority, or 84 percent, of the respondents are aware of the benefits and privileges of SSS members, indicative of the success of SSS' nationwide communication and advertising campaigns.



BUILDING A MORE STRATEGICALLY RESPONSIVE ORGANIZATION

The SSS recognizes the relevance of sharpening the skills and knowledge of employees towards better job performance. Given this, a total of 23 employee training programs were conducted in 2016 that covered various topics and participated in by employees from all levels. These include: Executive Development Programs attended by 321 executives and potential-executives; Supervisory Development Programs attended by 556 current and potential-supervisors; Rank-and-File Development/Orientation/Attitude Development Programs with a total of 791 participants; and Job Skills Development Programs participated in by more than 3,000 employees.

To acknowledge the good performance of employees and motivate them towards better performance, the SSS **implemented the 2016 Staffing Plan with the issuance of 2,310 appointments** consisting of 1,244 promotions, lateral transfer/reappointment of 64 personnel, 884 absorptions and hiring of 118 personnel. All these are also in consideration of changing organizational structures and increased work demands on the SSS employees.

Indeed, the year 2016 has recorded notable and remarkable achievements. As I promised during the Turnover Ceremony of the SSS Presidency, I will continue to pursue the path of growth and will also explore new ways and means to improve further on what has been done in terms of coverage, investments, resources, and in terms of people.

The year 2017 though, will be a very challenging year for the SSS, particularly with the implementation of the P1,000 across-the-board pension increase. Given this, the future plans and programs of the System need to focus on those that will not put the financial protection of current members and future pensioners in jeopardy.

With the guidance of the Social Security Commission and the support of the entire SSS workforce, I shall strive to rally one and all into turning into reality the 59th anniversary theme of SSS being the Filipinos' *Kaagapay at Kabalik at sa Pagbabago*.

Maraming salamat at mabuhay tayong lahat!

EMMANUEL F. DOOC
President and Chief Executive Officer

2016 in Review

JANUARY



The SSS Tacurong Branch was accorded the Civil Service Commission (CSC) Region XII Seal of Excellence Award after garnering “Excellent” ratings over 90 percent under the CSC Report Card Survey for two years straight. Photo shows SSS Tacurong Branch Head Suzette H. Purificacion (2nd from right), who was assisted by SSS Cotabato Branch Head Sukarno D. Pandaliday (right) in receiving the CSC glass plaque and cash reward from CSC Region XII Director IV Grace R. Belgado-Saqueton (left) and CSC Chairperson Alicia dela Rosa-Basa (2nd from left) during ceremonies held at the Alnor Convention Center in Cotabato City on January 21, 2016.

FEBRUARY

SSS PCEO Emilio S. de Quiros, Jr. (top photo, 4th from left) answered queries from the local media (bottom photo) during the open forum of the “Kapihan sa SSS” held on February 16, 2016 at St. Agatha Resort in Guiguinto, Bulacan. The Kapihan serves as a venue for the SSS to share updates on various accomplishments and clarify misinformation to the members of the media. Joining PCEO de Quiros in the said media event were (top photo, from left) AVP Ma. Luisa P. Sebastian, VP Marissu G. Bugante, SVP Josie G. Magana, VP Vilma P. Agapito, and SSS Malolos Branch Head Francisco L. Lescano. Throughout 2016, the SSS conducted three (3) other Kapihan Forums in La Union, Tagum, and Quezon City.



More than 150 job order and contractual (JO/C) employees of the Environmental Management Bureau (EMB) of the Department of Environment and Natural Resources were officially registered as SSS self-employed members under “KaltaSSS-Collect,” which is the institution’s coverage program for all JO/C personnel engaged by various government agencies. Launched in 2013, KaltaSSS-Collect automatically deducts monthly contributions from the workers’ salaries and wages and then remits to the SSS. Leading the MOA signing held on February 29, 2016 at the EMB Head Office were (left photo) SSS SVP for Account Management and International Operations Groups Judy Frances A. See and EMB Director Juan Miguel T. Cuna, among other officials. Throughout 2016, the SSS forged partnerships with 759 local government units and 183 government agencies under “KaltaSSS-Collect.”



February 15, 2016 saw the official opening of the relocated SSS Meycauayan branch at Esperanza Mall in Bulacan. Photo shows (L-R) Meycauayan City Vice Mayor Rafael S. Manzano, Bulacan 4th District Congresswoman Linabelle Ruth R. Villarica, SSS PCEO Emilio S. de Quiros, Jr., and Executive Secretary Cristina Alarilla-Yu, leading the ribbon cutting ceremony. Sixteen (16) other SSS branches were inaugurated in 2016, namely: Parañaque, Agoo, Malolos, Recto, Cebu-North Reclamation Area, Mandaue, Lapu-Lapu, Angeles, Puerto Princesa, Biñan, Bacoor, Valenzuela, Makati J.P. Rizal, Manila, Pasig-Rosario, and Zamboanga Ecozone.



MARCH The SSS Gender and Development (GAD) Committee mounted a seminar-workshop on March 23, 2016, in celebration of the 2016 National Women's Month with the theme "Kapakanan ni Juana, Isama sa Agenda." Speaking before the audience composed of SSS officials and employees was Coach Marie May Soriano, the first Filipina life coach recognized by the International Coach Federation. Left photo shows (L-R) GAD Chairperson Daisy Real, SVP May Catherine Ciriaco, Coach May, and PCEO Emilio S. de Quiros, Jr. after the presentation of certificate of appreciation at the Ramon Magsaysay Hall.

▶ APRIL



Barely two months after launching its Loan Restructuring Program (LRP) on April 28, 2016, the SSS already received a total of 87,967 LRP applications from calamity-stricken borrowers all over the country. In SSS Diliman Branch alone, 685 applications were received within a span of two weeks from members and future pensioners with past due loans. Among them were Judith D. Ferranco (in photo, at the counter, right), a voluntary member from San Jose del Monte City, Bulacan. Upon validation, records showed that her loan principal and interest totaled P9,100, while loan penalties were nearly P5,700. She decided to settle her overdue loan principal and interest within an installment payment term of 12 months, with a restructured amortization of about P770 per month. The SSS will waive her loan penalties once Ferranco has fully paid her restructured loan.

Officials from the SSS International Operations Division conducted an official mission to Australia from April 28 to May 4, 2016 to meet with the Philippine Consulate General (PCG) in Sydney on the possible establishment of an SSS representative office there, as well as on the proposed Philippine-Australia Social Security Agreement, to serve the huge number of overseas Filipinos in Australia. The SSS group also held an outreach event with Filipinos communities in Blacktown, Western Sydney, wherein they were briefed on SSS coverage programs and services for overseas Filipinos. Photos show SSS Senior Vice President for Account Management Group and International Operations Division Judy Frances C. See, briefing Blacktown-based Filipinos on SSS updates and the various programs and services available for them.





Top officials from the SSS and 25 partner-banks participated in the signing of an agreement for the expanded coverage of Sickness, Maternity, and Employees' Compensation Payment-thru-the-Bank (SMEC-PTB) Program in ceremonies held at the SSS Main Office on April 19, 2016. Photo shows PCEO Emilio S. de Quiros, Jr. (seated, 4th from right) together with (seated, from left) Department Manager Belinda B. Ella, AVP Jocelyn M. Evangelista, VP Agnes E. San Jose, and Commissioner Michael Victor N. Alimurung. Also in the photo are representatives coming from the following banks: Asia United Bank, Bank of Commerce, China Banking Corp., CityState Savings Bank, Country Builders Bank, CTBC Bank Corp., Development Bank of the Philippines, East West Bank, First Consolidated Bank, Innovative Bank, Land Bank of the Philippines, Merchant Savings Bank, One Network Bank, Philippine Bank of Communications, Philippine Business Bank, Philippine Savings Bank, Philippine Veterans Bank, Postbank Savings Bank, Rizal Commercial Banking Corp., Security Bank, Standard Chartered Bank, Union Bank of the Philippines, and United Coconut Planters Bank.



MAY

More than 130 employer representatives (bottom photo) attended the Stakeholders' Forum conducted by SSS Bacoor Branch at Island Cove, Cavite on May 23, 2016. Among the event highlights were the updates delivered by PCEO Emilio S. de Quiros, Jr. (top photo, second from left) and the presentation on service facilities by Member Relations Department Manager Fernando F. Nicolas (rightmost). While the said event counts as the first-ever forum hosted by an SSS branch, the institution conducted six (6) other fora for 2016 in Bulacan, Ormoc, La Union, Tagum, Baler, and Palawan.

The Philippine Stock Exchange, Inc. (PSE) and the SSS signed a Memorandum of Agreement on May 18, 2016 to undertake joint initiatives in the areas of market education and Small, Medium, Emerging (SME) Board promotion. The agreement is in support of the efforts of the PSE-Philippine Chamber of Commerce and Industry (PCCI) Capital Market Development Committee and the Social Security Commission. Shown in the photo (L-R) are PCCI Honorary Chairman and PSE Director Edgardo G. Lacson, PSE COO Roel A. Refran, PSE PCEO Hans B. Sicat, PSE Chairman Jose T. Pardo, SSS Chairman Juan B. Santos, SSS PCEO Emilio S. de Quiros, Jr., and SSS Commissioner Diana B. Pardo-Aguilar.



JUNE

The SSS and Novaliches Development Cooperative, Inc. (NOVADECI) formally signed a joint commitment in establishing new channels for SSS payments and expanding the social protection of workers through a memorandum of agreement (MOA) under the SSS Partner Agent Accreditation Program. Photo shows SSS SVP Judy Frances A. See (4th from right) and NOVADECI General Manager Marlene D. Sindayen (center) presenting the MOA they signed on behalf of their respective organizations during ceremonies held at the 5th floor of NOVADECI Building in Quezon City on June 10, 2016.

JULY

Seasoned lawyer and human rights advocate Atty. Silvestre H. Bello III, who has served the government under four presidents in various capacities, formally assumed his post as the country's 28th Labor Secretary and ex-officio member of the SSC in July 2016. Photo shows Secretary Bello being pinned as he arrives at Malacañang Palace with his wife, Regina Gerona-Bello (left), for the mass oath-taking of Cabinet officials before President Rodrigo R. Duterte on June 30, 2016.



The SSS participated in the "Yan Ang Marino, Iba Ka!" Caravan on July 29 and August 4, 2016 at the Associated Marine Officers' and Seamen's Union of the Philippines or AMOSUP Seamen's Hospital in Intramuros, Manila. SSS set up an information center (left photo) for Filipino seafarers, which offered services such as the issuance of SSS numbers, online verification of contributions, screening and receiving of loan and benefit applications, as well as distribution of forms and information materials. Also present during the event was (right photo) SSO III Maria Teresa Cruz, of the Member Relations Department, who gave participants a briefing on the SSS coverage program.



AUGUST

As part of its 59th Anniversary celebration, the SSS announced in August 2016 that 109 branches will extend operations on all Saturdays of September to accept Loan Restructuring Program (LRP) applications starting on September 3. The move is aimed at helping members who cannot visit the SSS offices during weekdays to file their LRP applications. A total of 54 small, 36 medium, and 19 large SSS branches nationwide were selected to stay open on Saturdays to facilitate LRP applications, based on their transaction volume.



In celebration of the National Language Month or "Buwang ng Wika", the SSS Writers' Guild, a writing club composed of SSS employees, mounted a seminar titled "Pilipino Ako, Filipino Ang Wika Ko," with broadcast journalist Mr. Howie Severino (seated, 2nd from left) as guest speaker. Also present during the seminar held on August 24, 2016 at the 12/F Green Room of SSS Main Office were (seated, from left) General Services Division VP Nestor R. Sacayan, PCEO Emilio S. de Quiros, Jr., Performance Management and Employee Relations Department (PMERD) AVP Daisy Real, and PMERD CEO II Norminda C. Santos. The SSS Writers' Guild is one of many employee-organizations in SSS through which the pension fund workforce can develop and express their talents.



SEPTEMBER

In commemoration of the 59th SSS anniversary, a photo exhibit featuring the pension fund's financial highlights, programs, and achievements was launched on September 1. Photo shows SSS PCEO Emilio S. de Quiros, Jr. leading the ribbon-cutting of the exhibit. With the theme "SSS@59: Kaagapay at Kabalikat sa Pagbabago," the exhibit is situated at the lobby of SSS' main office and is open for viewing to members and the general public.



The SSS Diliman, along with other SSS branches nationwide, conducted "Members' Day" for its transacting clients as part of the institution's 59th anniversary celebration last September. Led by Branch Head Evelyn L. Duplon (standing, left) and through its dedicated employees, SSS Diliman provided free medical services (bottom photo) and even gave out commemorative pens and bags as raffle prizes for dozens of winners (top photo).



Finance Secretary Carlos G. Dominguez III was the SSS' guest of honor during its 59th anniversary program last September 2. In his keynote address, Dominguez encouraged the institution to "constantly educate the public about the advantages of coverage, the wisdom of the institution's investments, and the need to adjust contributions from time to time to take inflation into account."



As part of its 59th anniversary celebration, the SSS recognized a total of 22 private and public sector partners for their invaluable roles in promoting the social protection of Filipino workers in the Philippines and overseas during the 2016 Balikat ng Bayan (BnB) Awards held on September 2, 2016 at the SSS Ramon Magsaysay Hall. Photo shows representatives from the BnB awardees for the Top Employer awards—Knowles Electronics Philippines, Sannovex Pharmaceutical Distributor, and the Federation of Filipino Chinese Chambers of Commerce & Industry (FFCCCI for the Large, Medium, and Small Accounts categories, respectively)—holding their trophies during a photo op with top officials, namely: SSS BnB Awards Committee Chairperson and SVP Judy Frances A. See (left), SSC Chairman Juan B. Santos (3rd from left), Finance Secretary Carlos Dominguez III (4th from left), SSS PCEO Emilio S. de Quiros, Jr. (4th from right), SSS VP Antonio S. Argabioso (2nd from right), and SSS SVP Jose B. Bautista (right).

The SSS accorded a *Balikat ng Bayan* special citation to the Department of the Interior and Local Government (DILG) for its commitment to provide social protection to nearly 75,000 job order and contractual workers in government. In the photo are (from left to right) SSS SVP Judy Frances A. See, SSS PCEO Emilio S. de Quiros, Jr., DILG Development Manager Officer IV Joycelyn C. Cabaña, DILG Undersecretary Emily O. Padilla, and SSS AVP for Professionals Sector Department Noel L. Coyupan.



The Center for Agriculture and Rural Development (CARD) Inc., an accredited servicing and collecting partner agent of the SSS, received a *Balikat ng Bayan* special citation during the institution's 59th anniversary program last September 2. Photo shows CARD Inc. Deputy Executive Director Jocelyn D. Dequito (center) and CARD Inc. Compliance Officer Constancio B. La Rosa Jr. (3rd from right), together with (from left to right) SSC members Daniel L. Edralin, Eva B. Arcos, Diana Pardo-Aguilar, and Bienvenido E. Laguesma, and SSS AVP for Cooperatives and Informal Sector Department Ma. Nympha M. Ragel.

Balikat ng Bayan Hall of Fame distinctions were given to One Network Bank, Inc. (fourth from right) in the Best Collecting Bank category and to Ventaja International Corporation (fourth from left) in the Best OFW Collection Partner category, after they topped these categories for three straight years.



Balikat ng Bayan Best Media Partners were DZRB-Radyo ng Bayan (fourth from left) for radio and PTV-4 (third from right) for television. They were chosen based on their impact to audiences and their program content, particularly in featuring SSS programs and services. Presenting the awards were (from left): SSS SVP Judy Frances A. See, SSC Chairman Juan B. Santos, Finance Secretary Carlos Dominguez III, SSS PCEO Emilio de Quiros, Jr., and SSS VP for Public Affairs and Special Events Division Marissu G. Bugante.



The Philippine Social Security Association (PhilSSA) played host to the 33rd ASEAN Social Security Association (ASSA) Board Meeting and Conference on September 22 to 23, 2016 at the Sofitel Philippine Plaza Hotel, Pasay City. During the Board Meeting, turn-over ceremonies were held between the outgoing ASSA Chairman (right) Mr. Ng Chee Peng (who is the CEO of Singapore's Central Provident Fund) and incoming ASSA Chairman Emilio S. de Quiros, Jr. (left) of the SSS. The ASSA emblem was transferred to the new Chair, carrying with it the leadership of the ASSA for the next year, until his successor is identified.



▶ OCTOBER

Known constitutionalist Atty. Amado D. Valdez, who is also the former Dean of the University of the East College of Law, was appointed Chairman of the SSC. Chairman Valdez formally took his oath of office in October 2016 as the pension fund's Commission Head under the administration of President Rodrigo R. Duterte.



Active law practitioner and retired labor arbiter Atty. Arthur L. Amansec (left) was officially appointed as the newest member of the SSC during his oath-taking before Supreme Court Justice Jose Catral Mendoza (right) on October 13, 2016. Commissioner Amansec is tasked to represent the Labor Sector.



Mr. Michael G. Regino, one of the appointed Commissioners of the SSC, is an economist by discipline with more than 30 years of successful corporate experience in the mining, real estate, and construction industries. Tasked to represent the General Public, Commissioner Regino took his oath of office before SSC Chairman Amado D. Valdez in October 2016 at the SSS Main Office.



She may be a neophyte member of the SSC, but Commissioner Anita Bumpus-Quitain is actually no stranger to the SSS, having served the institution for 31 long years in various staff and managerial positions in SSS operations. Appointed on October 13, 2016, Commissioner Quitain is tasked to represent women in the Labor Sector.

NOVEMBER

The SSS received its second Certificate of Recognition from the Government Quality Management Committee (GQMC) for its successful adherence to international quality standards under the ISO 9001:2008 Certification, particularly on the SSS Registration Process and Coverage System attained by its branches in La Union, Baguio, Camiling, Pasig-Shaw, Taguig, Calamba, Legazpi, Bacolod, Cebu, and Butuan, and their corresponding Processing Centers in La Union, Tarlac, Pasig, Makati, San Pablo, Diliman, Iloilo, Cebu, and Cagayan de Oro.



Photo shows the 4th Recognition Ceremony held on November 10 at the Land Bank of the Philippines Auditorium in Malate, Manila wherein SSS Vice President for Management Services and Planning Division Eleonora Y. Cinco (3rd from left) received the plaque from GQMC Chairperson and concurrent Department of Budget and Management Secretary Benjamin E. Diokno (3rd from right). Also onstage were (from left) Development Academy of the Philippines Vice President Magdalena L. Mendoza, Office of the President's Deputy Executive Secretary for Internal Audit Alberto A. Bernardo, Department of Interior and Local Government Assistant Secretary Ester A. Aldana, and Department of Trade and Industry Assistant Secretary Ireneo V. Vizmonte.

The SSS delegation, led by SSC Chairman Amado D. Valdez, attended the hearing of the House Committee on Government Enterprises and Privatization on November 15, 2016 wherein the proposed P2,000 pension increase was discussed. Bottom photo shows Chairman Valdez explaining how the proposed increase can be implemented gradually to mitigate any negative impact on SSS financial viability.



Atty. Marichelle L. Reyes (left photo), OIC of the SSS Voluntary Provident Fund Department and Ms. Lorna L. Dumlao (right photo), Senior Program Specialist of the SSS Overseas Filipino Workers (OFWs) Management Department were guest speakers during a Financial Wellness Seminar held on November 18, 2016 at Ortigas Center, Pasig City. Atty. Reyes and Ms. Dumlao discussed the SSS Personal Equity and Savings Option or PESO Fund, and SSS Flexi-Fund for OFWs, respectively, to the more than 200 participants of the financial literacy event.



Former Insurance Commissioner Emmanuel F. Dooc officially took the helm of the SSS on November 23, 2016, after the ceremonial turnover of leadership from outgoing PCEO Emilio S. de Quiros, Jr. held at the Ramon Magsaysay Hall of the SSS Main Office. Photo shows de Quiros (3rd from left) passing the SSS flag to incoming PCEO Dooc (4th from left), as several members of the SSC, SSS officials, and employees look on in hopeful appreciation.

Mr. Jose Gabriel M. La Viña formally assumed his position as the newest SSC member on November 25, 2016 after taking his oath of office before SSC Chairman Amado D. Valdez. Commissioner La Viña represents the Employer Sector in the SSC.



DECEMBER

Dagupan's Lyceum Northwestern University Chancellor Dr. Gonzalo T. Duque (right) is one of the appointed members of the SSC, representing the Labor Sector. Commissioner Duque took his oath of office before SSC Chairman Valdez (left) on December 6, 2016.



Twenty (20) delegates from the Health Insurance Review and Assessment (HIRA) Service of the Republic of Korea visited SSS on December 9, 2016 to learn more about its various benefit programs and to benchmark the HIRA health care system against that of the Philippines. The study was facilitated by the Corporate Communications Department, with the participation of Member Relations Department Manager Fernando F. Nicolas (11th from right) as speaker.

A total of P1.2 million in cash donations were turned over to 10 charitable institutions that cater to persons with disabilities in a Christmas Fund Drive dubbed “SSS Pamaskong Handog 2016: The Joy of Giving,” held on December 21, 2016 at the SSS Ramon Magsaysay Hall in Diliman, Quezon City. Photo shows representatives (3rd and 4th from left) of ATRIEV – an institution helping rehabilitate, integrate and empower visually impaired persons – receiving a check worth P120,000.00 from SSS officers led by PCEO Emmanuel F. Doooc (2nd from right). The donations were funds donated by the SSS employees and officials as manifestation of the agency’s corporate culture of giving, sharing, and helping the less fortunate.



On December 29, 2016, a gift-giving event was held for the beneficiaries of the members of six AlkanSSSy groups from the towns of Daet, Labo, Capalonga and Paracale in Camarines Norte. Kiddie backpacks filled with school supplies were given to over 200 pre-school to Grade 3 students. The gift-giving project coincided with the PCEO Doooc’s first ever visit to San Pablo, Lucena, and Daet branches.



SSS disburses P10.5-B in pension adjustments to over 199,000 retirees in 2016

The Social Security System (SSS) released in 2016 a total of P10.58 billion as pension adjustments to around 199,000 qualified retirement, death and disability pensioners, after the completion of the review of member contributions for the period 1985 to 1989.

A special Task Force was created to conduct the review, which involved the reposting and displaying of the details of the 1985 to 1989 contributions. Previously, contributions for this period were lumped due to limitations in disk space after a system upgrade in the late 1980's. The Task Force converted microfilmed R3s into digitized format, to aid in the posting of contributions for the said period.



With the completion of the posting in 2015, qualified members and beneficiaries need not submit an individual request for pension adjustment, as their pensions have automatically been adjusted and paid starting 2016. The pension disbursement was made in two tranches: the first tranche, which included retirement pensioners, was paid in June 2016 and amounted to P7.21 billion; while the second tranche, which included death, disability, and additional retirement pensioners, was paid in November 2016 and amounted to P3.37 billion.

On the average, pensioners received pension adjustments of P53,295, with an increase in the basic monthly pension (BMP) by P572. The adjustments in the BMP on the affected pensioners translated to an additional pension payout of about P113.91 million per month.

However, not all pensioners were entitled to pension adjustments as there were those whose contributions for 1985 to 1989 were already manually verified during the processing of their benefit applications. There were also cases where the reposting had no bearing on pension computation, thus, there were no corresponding pension adjustments.

The third and final tranche of pension adjustments, which include pensioners with contingencies prior 24 May 1997, is set in 2017.



THIS PENSION ADJUSTMENT PROJECT IS AIMED AT GIVING PENSIONERS WHAT IS DUE THEM WITHOUT THEM DEMANDING FOR IT.



199,000

RETIRES RECEIVED PENSION ADJUSTMENTS OF P10.58B IN TOTAL



Government job order and contractual workers deserve social security protection, too!

There are thousands of Job Order and Contractual (JO/C) workers engaged by national and local government agencies. These are workers who are directly hired through Contract of Service that often covers a specific period of employment or a special project.

However, due to absence of a formal employer-employee relationship with the government agency, JO/C workers are not coverable under the Government Service Insurance System (GSIS). Thus, these workers, who often perform critical tasks and functions similar to permanent government employees, lack adequate social protection for themselves and their families.

In 2013, in order to reach out to more JO/C workers and to cover them more effectively, the SSS decided to partner with government agencies under the KaltaSSS-Collect Program. The Social Security Commission (SSC) confirmed under existing SSS rules and regulations the validity of coverage of JO/C workers in government as Self-Employed individuals and professionals.

As a wholesale marketing approach and to ensure the sustainability of the self-employed coverage program for the JO/C workers, the SSS started forging agreements with government agencies (GA) to participate in the KaltaSSS-Collect Program. The KaltaSSS-Collect Program offers an automatic salary deduction scheme for the

monthly SSS contributions of the covered JO/C workers who register as self-employed members through the partner-GA.

A good number of GA have already partnered with SSS for the coverage of their JO/C workers. The two largest national government agencies – the Department of the Interior and Local Government (DILG) and the Department of Social Welfare and Development (DSWD) – were among the first to sign up with the KaltaSSS-Collect Program, in consideration of the large number of JO/C workers that they employ in their national and regional offices. A total of 80,269 JO/C workers of local government units (LGUs) under DILG have registered as SE members with the SSS, with about 61,644 of them actively contributing. Total cumulative collections from LGUs have reached over P496 million since the start of coverage in 2013 to end-December 2016. Meanwhile, 7,742 JO/C workers in DSWD registered with SSS, of which 7,020 are actively contributing. Cumulative collections from DSWD since start of coverage to December 2016 have reached over P82.95 million.





104,000

REGISTERED SELF-EMPLOYED MEMBERS, OR A 19% INCREASE FROM 2015



As for single-entity government agencies (those with no branches), the Manila International Airport Authority (MIAA) tops the most number of registered JO/C workers in SSS, with 1,340 – all of whom are actively contributing. Subic Bay Metropolitan Authority has 1,083 JO/C personnel who signed up with SSS, of which 1,077 continue their active contributions. Cumulative collections from MIAA and SBMA reached P13.9 million and P7.42 million, respectively.

From 2015 to 2016, forged partnerships increased by 35 percent. By the end of 2016, a total of 942 Memoranda of Agreement (MOA) and/ or Implementation Agreements (IA) have been signed with various LGUs, national government agencies, government-owned and controlled corporations, state universities and colleges, and local water districts.

In 2016, SSS saw over 104,000 registered self-employed members, or a 19% increase from 2015. Total contributions collection from these members also increased from P284-M in 2015 to P697-M in 2016, or a whopping 145% increase.

KaltaSSS-Collect MOA Signed	2015	2016	% Change
No. of Local Government Units	563	759	35%
No. of Government Agencies	154	183	19%
Total Registered SE Members	76,000	104,871	40%
Total Contribution Collections	P 284-M	P 697-M	145%



Electronic and Internet-based Services Boost SSS Member Service Capabilities

The Social Security System (SSS) continued to improve on its online services with the overall goal of shifting member transactions from over-the-counter services, towards the more convenient and faster electronic and internet-based transactions.

SSS WEBSITE. More than just an online facility for viewing general information, the SSS website allows members and employers to check their personal or company SSS records and perform several online transactions, providing a convenient alternative to over-the-counter transactions at SSS branches. Launched in 2008, the SSS website (www.sss.gov.ph) was upgraded in 2011 to allow the online submission of salary loan applications and maternity notifications by individual members, and reports of newly-hired workers, employee maternity notifications, contribution and loan collection lists and certification of employee salary loan applications by employers. In 2016, a total of 3,101,470 transactions were made through the SSS website by employers and individual members, a 62-percent increase from 2015 web transactions that reached 1,913,623.

Overall SSS website registration since 2008 to end-2016 has reached 4.17 million, 3.88 million of which came from individual members signing up for My.SSS, and the rest were from employers likewise setting up their My.SSS accounts. Registration for My.SSS accounts is required before members and employers can make online transactions through the SSS website, such as applying for salary loans, sending in sickness or maternity notifications, submitting employer reports or applying for technical retirement, among others. In 2016 alone, website registration hit 422,427 – up by 32.5 percent from the 2015 registration number of 318,880.

Since the start of its implementation in September 2015 to end-2016, more than 480,000 membership numbers have been issued through the SSS website, as current and future

workers took advantage of the faster and more convenient way to get their social security (SS) numbers. In 2016, a whopping 385,124 SS numbers were issued through the website, which is a 301-percent increase from the 95,862 issued in 2015, when this online service was started. It is important to note, however, that the 385,124 new SS numbers does not automatically translate to the same number of new SSS members, as membership only takes effect when the individual is reported to SSS by his/her employer, or when, as a self-employed member, he or she makes his/her first contribution.

Likewise important to remember is that SS numbers issued online are tagged as “Temporary” but can already be used for employee reporting and contribution payment by employers. To convert it to a permanent SS number to allow the availing of loans and benefits, the member would have to present any accepted supporting identification document such as birth or baptismal certificate or valid passport to any SSS branch.

In 2016, website enhancements include online enrollment for the P.E.S.O. Fund, provision of a Simulated Retirement Benefit Calculator, and online updating of member’s contact information.

SSS CALL CENTER. Members have the option to contact the SSS through the SSS Call Center, which is live-manned by member service representatives, or via the Integrated Voice Response System (IVRS), which has an automated response system. In 2016, the SSS Call Center responded to 718,307 calls, 69 percent (or 496,527) of which were to verify the



status of benefit claims or loan applications of callers. Thirty percent were queries on various subjects, such as website issues, salary loans, and contributions/coverage. Complaints made up less than one percent (only 636) of calls to the SSS Call Center in 2016, with majority complaining about the SSS website. The Call Center also handles calls from the 1-800 toll-free numbers of SSS that are used by provincial-based members.

Meanwhile, the IVRS registered a 16-percent increase in calls, reaching 1,175,688 calls in 2016, as compared to 1,010,084 in 2015. Majority of the IVRS inquiries were on member contributions (457,144 calls), followed by loan balance inquiries (84,064 calls). Callers with fax machines were able to receive faxed copies of their contribution records as well as loan balance statements.



32.5%

INCREASE IN SSS WEBSITE REGISTRATION FROM 2015

TEXT-SSS. The Text-SSS facility still proves to be a popular way for members to get SSS information, albeit there has been a significant drop in registration and usage as more members shifted to using the SSS website or the SSS Facebook Page for more detailed information on their queries. In 2016, Text-SSS registration topped 75,850, a 30-percent drop from the 107,776 registration volume in 2015. Registered Text-SSS users sent in 155,388 queries throughout 2016, the most popular being about contributions, then loan balance, loan application status, PIN setting/resetting, and benefit claim status.

The SSS also set up a Text Blast facility in 2015 through which it is able to send out mass text messages to registered members for announcements on new programs (e.g., Loan Restructuring Program) and important advisories (e.g., UMID scam). The Text Blast is also used to inform members on the status of their claim and loan applications, as well as monthly contributions. In 2016, over 21.5 million Text Blast messages were sent out to members who supplied their mobile phone numbers in their submitted SSS application and update forms. This is a 225-percent increase from the 6.6 million Text Blast messages that SSS sent out starting June 2015.



GCASH. SSS members can now pay their contributions and monthly amortizations for salary and real estate loans using GCash, a virtual wallet service offered by Globe Telecom that enables users to carry out financial transactions using their mobile phones. The GCash payment scheme is available for SSS self-employed

or voluntary members, including non-working spouses, overseas Filipino workers (OFWs), and informal sector workers.

An SSS member must have a prepaid or postpaid Globe or Touch Mobile account to gain access to the GCash payment facility, which requires the use of a Personal Identification Number (PIN) during every transaction to ensure that the funds in the member's mobile wallet are kept safe and secure. No transaction fee is charged for SSS contribution and loan payments through GCash and the facility would send a text message to confirm the receipt of the SSS payment, and the contribution or loan payment would be posted in the SSS database on the following day.

In 2016, a total of 5,267 GCash transactions were recorded, amounting to over P3.32 million in contributions and loan payments, majority coming from voluntary SSS members.

SSS SOCIAL MEDIA ACCOUNTS

FACEBOOK. Launched in June 2009, the number of SSS Facebook followers has increased exponentially as more and more members appreciate the easy access to and sharing of information, the quick response to basic queries, and the engagement with SSS member service representatives manning the FB Page. In response to its increasing popularity, the SSS Facebook page introduced certain enhancements to boost its value and usefulness to its followers. For example, live chats were utilized for “Usapang SSS” to allow members real-time response to their queries. Frequently Asked Questions (FAQs) about SSS benefits and program were also uploaded to provide easily accessible and more comprehensive information. Likewise, advisories on SSS events and seminars, as well as info-graphics on SSS programs are continuously posted to help promote awareness and participation. The Private Messages (PM) facility was also activated to accommodate and serve more members who might prefer more in-depth and personalized response to their concerns.

Throughout 2016, the SSS Facebook page recorded progressively increasing number of “LIKES”, reaching over 1.3 million thumbs-up as of December 2016. With its commitment to provide real-time response to comments and queries, a total of 254,014 replies were recorded in 2016 on various SSS concerns such as membership status, contribution records, loans, benefits, pensions, website issues, employer concerns, as well as complaints and suggestions on SSS services/ personnel/facilities, among many others.

TWITTER. Launched in early 2014, the SSS Twitter account strengthens SSS' online presence and expands communication channels with stakeholders into becoming more aware of the duties, benefits and value of SSS membership. The SSS Twitter account is fast gaining popularity among social media users. As of December 2016, it has sent out 18,200 tweets, notably surpassing the target of 10,500 tweets for 2016. Twitter's 140-character limit allows for simplified yet complete conversations with members, encouraging better interaction, even with groups of people.

YOUTUBE, PINTEREST, GOOGLE+. These social media sites are being utilized by SSS to post original content, such as videos, info-graphics, ads and posters, to expand the reach and promote SSS programs to both members and non-members. For example, the SSS YouTube channel, launched in 2011, features advertisements, video interviews with SSS officials, and step-by-step tutorial videos to help viewers apply for their own SS numbers, for members to apply for benefit claims and loans, and navigate other transactions with SSS.



SSS resolves over 2,300 cases from CSC-8888 hotline in 2016



The SSS resolved a total of 2,316 cases out of the 2,389 phone calls, letters and walk-in concerns received by 8888 Citizen's Complaint Hotline and the Civil Service Commission's (CSC) Public Assistance Center (PAC) from August to December 2016, reflecting a 96-percent resolution rate.

From the total 2,389 cases referred to SSS, 1,988 are from the Hotline 8888, while 401 are from the CSC-PAC.

Institutionalized under Executive Order No. 6, the Hotline 8888 serves as the government's feedback mechanism that enables the public to air their queries and grievances for proper endorsement and immediate action of the concerned agencies. The Hotline, which is being handled by the CSC Contact Center ng Bayan, started operations in August 2016.

Given the large SSS membership with over 34 million covered at present, as well as the growing popularity of Hotline 8888, the number of SSS-related complaints coursed thru the CSC saw increases every month. The SSS has a processing time commitment of 72 hours to reply or to refer the cases that require more in-depth evaluation or follow-up to the concerned SSS branch, department or unit. But contrary to expectations, not all hotline calls received were complaints, as the SSS also received compliments and commendations from the 8888 callers.

The most common SSS concerns coursed thru the CSC include complaints on the slow processing of benefit claims and release of UMID (Unified Multipurpose Identification System) cards, as well as clarifications on SSS procedures and documentary requirements.

In response, the SSS plans to further enhance its automation of systems and streamline its procedures to speed up the processing of claims, loans and other member transactions, as well as to pursue partnerships with banks and other organizations to enhance its delivery of services. The SSS will also build stronger ties with other government agencies for database-sharing arrangements that will allow SSS to access data directly from concerned offices instead of requiring its members to submit documents obtained from these same agencies.

As to the documentary requirements, the SSS understands the difficulties members or their beneficiaries encounter when they are asked to submit several documents to support their application for benefits and other claims. However, these documents are meant to safeguard the fund from possible fraudulent claims, thus, their continuing necessity in the claims process.



Pensioners' compliance made easier with Skype

THE ANNUAL CONFIRMATION OF PENSIONERS THROUGH VIDEO CONFERENCE

One of the most significant innovations of the Social Security System (SSS) is the Annual Confirmation of Pensioners through Video Conference (ACOP-VC), which allows SSS pensioners residing abroad to comply with the yearly reporting requirement through online interviews. Soft-launched in December 2015, the ACOP-VC facility is by far, the easiest and fastest option given to pensioners, particularly those living overseas, including their guardians and dependents, to comply with ACOP.

As the SSS' way of ensuring that only the rightful beneficiaries continue to enjoy their pension benefits, ACOP requires SSS pensioners to confirm their continuing entitlement by presenting themselves once a year during their birth month at the nearest SSS branch or depository bank. With the ACOP-VC, pensioners based abroad simply need to have a "Skype" account and undergo online interviews with authorized SSS personnel. Prior to the implementation of the ACOP-VC, they were directed to either mail the necessary documents to the SSS Member Relations Department (MRD) or personally visit the SSS Foreign Representative Office in their country for reporting.

Based on data released by the SSS Pensions Administration Department (PAD), there are 17,226 pensioners residing abroad as of July 2016, 67.09% of whom or 11,583 are residing in the United States of America (USA), followed by Canada and Australia with 3,196 (18.51%) and 783 (4.53%) SSS pensioners, respectively. However, out of the more than 17,000 pensioners living overseas, only 788 (4.56%) have complied with ACOP-VC as of end-December 2016.

Given the small volume of compliance through ACOP-VC, pensioners are enjoined to explore and start using the online facility for faster reporting to the SSS. Meanwhile, exempted from availing of the said facility are the total disability pensioners since they are required to personally appear at an SSS branch to be checked by its doctors.

SMILE FOR THE CAMERA!



Retirees Ruperto E. Palisoc Jr. (left) and Reynaldo C. Ignacio (right) are just two of the many pensioners living in USA who complied with the ACOP-VC program. Mr. Palisoc was interviewed by an employee from the Overseas Filipino Workers-Contact Services Section (OFW-CSS) under the SSS International Operations Group, while Mr. Ignacio reported to a representative from the Call Center-MRD under the SSS Member Services Division.

Meanwhile, Concordia M. Quines (left) from the USA and Ma. Dolores S. Bacus (right) from Australia are both survivor-pensioners who also made use of the



ACOP-VC. Like other pensioners who undergo video conference, they were required to have their photos captured by the attending SSS agents while holding their valid identification (ID) cards bearing their signature and photo. For death survivor-pensioners, the ACOP schedule is within the birth month of their deceased spouse.



ACOP-VC PROCESS: CONVENIENT AND INTERACTIVE

With the ACOP-VC, pensioners residing abroad need not come home or have their documents authenticated by the Philippine consulate abroad prior to SSS submission. They simply need to log in to their Skype accounts and engage in video calls.

Pensioners should first make an appointment with the SSS for a video conference by sending an e-mail to ofw.relations@sss.gov.ph or member_relations@sss.gov.ph indicating “Skype (ACOP), pensioner’s name, and SS number” in the subject line, and providing the necessary information such as the name of the retiree pensioner or deceased member, birth date, guardian’s name (for survivor-pensioners), dependent’s name (if any), contact information, complete address, Skype username, and preferred interview schedule.



SSS employees Hazel Deanne Ruperez (top left) of the MRD Call Center Section and Amrita A. Singh (top right) from the OFW-CSS, both attest to the effectiveness of the ACOP-VC program. The former sees it not just a way of compliance but also an interaction with the SSS pensioners abroad. For Ruperez, seeing her interviewees’ facial expressions helps a lot in building effective collaboration, plus, the process is very convenient in that it reduces costs of money, time, and energy for the pensioners. Recalling a particular video conference with a survivor-pensioner from Illinois, Ruperez said her interviewee showed a positive attitude all throughout the conversation and was very accommodating in answering the set of questions.

 788

PENSIONERS LIVING
OVERSEAS, COMPLIED
WITH ACOP-VC AS OF
END-DECEMBER
2016

For Singh, cooperation from the pensioners is one of the vital factors in making the ACOP-VC interview successful and she’s thankful whenever her interviewees prepare in advance the needed requirements for the ACOP-VC, such as being situated in a well-lighted area, making the interview process smooth and swift that undeniably adds to the pensioners’ satisfaction. In one of her most recent transactions, Singh shared that the 73-year-old pensioner she interviewed was willing to undergo the same process next year as she was delighted by the experience.

SSS records show that out of the 788 pensioners who complied with ACOP-VC, 171 (21.70%) transacted with representatives from Call Center-MRD, while 617 (78.30%) reported through OFW-CSS agents. Moreover, majority of the pensioners preferred to be interviewed in the morning with 121 (15.36%), 146 (18.53%), and 71 (9.01%) signing-up for the 9:00am, 10:00am, and 11:00am schedules, respectively. Conduct of ACOP-VC is based on Philippine time, from Monday to Friday, 12:00 am to 11:00 pm.

The ACOP-VC also proved to be an effective way of identifying pensioners who are no longer eligible to receive benefits. In 2016, six (6) survivor-pensioners had their pensions cancelled after it was discovered during their videoconference interviews that they had already re-married. The estimated amount of their undue pensions for recall or recovery by SSS is P1.4 million.



Attracting Young Investors to Invest in their Future

The Social Security System (SSS) promotes the value of saving to its members, giving them an option to set aside their excess money in a provident fund that enjoys guaranteed, tax-free earnings, makes use of the power of compound interest, and invested in safe investment instruments.

The SSS Personal Equity and Savings Option (P.E.S.O.) Fund Program is a voluntary provident fund offered exclusively to SSS members. To be eligible for the P.E.S.O. Fund, members must meet certain requirements such as payment of at least six (6) consecutive contributions within the 12-month period immediately prior to the month of enrollment. They must also be 54 years old or below. Further, members should have no final benefit claim under the regular SSS program. Those covered as self-employed and voluntary should also be paying contributions based on the P16,000 maximum monthly salary credit. Members can invest a maximum of P500,000 per year and a minimum of P1,000 per P.E.S.O. Fund contribution.

SSS members can also enroll in the P.E.S.O. Fund by registering at the My.SSS portal of the SSS website (www.sss.gov.ph). By enrolling online, they can begin building up their investment and remit their P.E.S.O. Fund savings even before the completion of the whole enrollment process, which is convenient for busy workers who have little time to spare to visit SSS branches.

To complete the enrollment process, online registrants must visit any SSS branch to personally sign the P.E.S.O. Fund enrollment form. This procedure will confirm their enrollment so that they can withdraw or claim their Fund savings in the future.

P.E.S.O. Fund contributions of SSS members are allocated to three types of accounts – 65 percent for retirement or disability, 25 percent for medical needs, and 10 percent for general purposes, including contingencies such as education, housing, livelihood and unemployment.

YEAR TWO YIELDS POSITIVE RESULTS

In its second year of implementation, the SSS P.E.S.O. Fund experienced a growth of more than 800 percent in enrollment and 136 percent in contributions as compared to 2015, ending the year with 3,892 Fund members and P15.3 million in contributions. Also, the Program generated a return on investment of 4.26 percent and 4.19 percent for its investment in government securities in 2016 and 2015, respectively.

Year 2016 also ushered in a younger generation of investors. Data shows that majority belong to the 26 to 30 age group, immediately followed by those 31 to 35 years of age. On the other hand, 2015 data showed that majority of enrollees were 51 to 55 years of age. The shift to a younger age group was ushered in by the availability of online enrollment. The interest of younger investors is consistent with the desire of the SSS to promote saving for retirement as early as possible, emphasizing that time is of the essence and that even small amounts, regularly saved, count.

For 2016 alone, employed-members comprised a large share of P.E.S.O. Fund enrollment, with 3,409 members or 88 percent, followed by voluntary members with 255 enrollees or seven percent. Other enrollees include self-employed individuals, household helpers, and overseas Filipino workers.

Slightly more female members have joined the program so far, at 57 percent, as compared with only 43 percent for the male enrollees.

YOUNG INVESTORS SHOW FINANCIAL SENSE



Among these young investors – mainly belonging to the so-called “Millennial Generation” – are Lea Macadangdang (left photo), Marlon Vidallon (middle photo), and Joel Cervas (right photo), who were 25, 26, and 35 years old, respectively, when they signed-up for SSS P.E.S.O. Fund membership.

Currently working as a web researcher for a contents services firm, Lea has been an SSS P.E.S.O. Fund member since July 2016, while Marlon, an employee of a kitchen consultancy services company assigned at a four-star hotel in Manila, enrolled in the Program in September 2016. Joel, who is a permanent government employee and part-time refrigerator and aircon technician, joined in April 2016. He is registered as a self-employed member in SSS.

Uncertain about what’s to come, Lea knows that saving money is essential for her future financial stability. That’s why when she heard about the said voluntary provident fund through radio advertisements, she immediately found her way to SSS Diliman to inquire and register. Lea’s SSS P.E.S.O. Fund account, in which she deposits P1,000 of her extra income monthly, already has an accumulated balance of more than P10,000.

According to Lea, saving money from one’s earnings, no matter how small it may be, will eventually go a long way. She likewise believes that the benefits she will reap from investing in the SSS P.E.S.O. Fund are secured and guaranteed as “being engaged in this kind of program is a sustenance for the future times,” she said.

Asked what piece of advice she could give to people her age about setting some money aside, Lea shared: “While the time is young, we have to make use of it wisely—earn and save—because if we never save nor invest our money, we will always be poor no matter how much we earn.”

Born and raised in Western Samar, Lea lives with her parents and two younger siblings in the province. During workdays, however, she occupies a rented room in Manila near her workplace.

Meanwhile, Marlon credits his housemate Joseph, who is also an SSS P.E.S.O. Fund member, for introducing him to the Program and influencing him to start investing to gain better financial wisdom.

Believing in the stability of the SSS as a government institution, Marlon aims to annually invest his excess money, which is a combination of savings and salary loan, in his SSS P.E.S.O. Fund account. “The Program gives a better deal for forced savings purposes; plus, any kind of investment is always meant for attaining future financial security,” he noted. “And so, to young adults like me, save and invest your extra money for future benefits. Otherwise, extra cash on-hand normally ends up for unnecessary purchases,” he added.

To date, Marlon’s account under the said Program already has an ending balance of more than P100,000.00. He looks forward to seeing this amount grow, even though, being single, he has no immediate need yet. He lives in Mandaluyong, but from time to time, visits his family in Indang, Cavite.

Joel, a proud Pangasinense, meanwhile, sees his SSS P.E.S.O. Fund savings as a preparation for his senior years that will supplement his benefits from the Government Service Insurance System. He has been working as a teacher in the Department of Education (DepEd) for 11 years and has already saved up more than P200,000.00 in his account, excluding his other personal savings and investments.

“I am just meeting my targets every month to raise funds from my salary at DepEd and income as a technician on a part-time basis,” explained Joel, who has opted to deposit the maximum contribution per annum at SSS Dagupan. He said he learned about the Program through the SSS website.

“I always feel sad whenever I see my parents and other neighbors who are already senior citizens and who did not expect the financial burden that they are now facing, even though they worked hard during their productive years,” Joel observed. And as his words of advice for the younger generation, he shared: “The best time to think about the future is now.”





PhilSSA hosts the 33rd ASEAN Social Security Association (ASSA) Board Meeting and Conference

The Philippine Social Security Association (PhilSSA) played host to the 33rd ASEAN Social Security Association (ASSA) Board Meeting and Conference last 22-23 September 2016 at the Sofitel Philippine Plaza Hotel, Pasay City. This is the third time for the Philippines to host the ASSA Board Meeting and Conference in this millennium, the last two times being in 2000 and 2009.

The 2016-2017 PhilSSA Chairperson and SSS President and CEO Emilio S. de Quiros, Jr. led the Philippine Secretariat in welcoming about 150 participants and delegates to the Conference, which included heads of the different social security member-organizations of ASSA.

In his welcome remarks, PhilSSA Chairperson de Quiros noted that, “this Conference will provide a wellspring of ideas, especially in these times when social security institutions around the world are facing challenges in the areas of pension and benefits financing, the coverage of marginalized sectors, and migration, among others. This is something that SSS similarly experienced; fortunately, timely reforms and strong political will have brought us into better financial health and wider membership coverage today.”

ASSA Members include 18 social security institutions from the 10 countries in the Region – Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Singapore, Thailand, Vietnam, and the Philippines.

The PhilSSA, on the other hand, is composed of the different local social insurance institutions, such as the Employees Compensation Commission (ECC), the Government Service Insurance System (GSIS), Home Development Mutual Fund (Pag-IBIG Fund), the Philippine Charity Sweepstakes Office (PCSO), and the Social Security System (SSS).

Among the highlights of the ASSA Conference were the keynote presentation of Dr. Maribel Ortiz, programme manager of the International Social Security Association (ISSA) based in Geneva, Switzerland. In her speech, Dr. Ortiz presented the different ISSA Guidelines on Social Security Administration that provide a roadmap to good governance, high performance, and service quality in social security administration. She also discussed the various challenges that social security organizations face, particularly those in the Asia-Pacific region.

Conference delegates then had a lively and candid discussion on their concerns in their respective organizations and how their ASEAN counterparts have been able to face similar challenges.





Another highlight of the Conference was the 33rd Board Meeting, which was marked by the turn-over ceremonies between the outgoing ASSA Chairman Mr. Ng Chee Peng (who is the chief executive officer of Singapore's Central Provident Fund - CPF) and incoming Chairman Emilio S. de Quiros, Jr. of the SSS. The ASSA emblem was transferred to the new Chair, carrying with it the leadership of the ASSA for the next year until his successor is identified. Included in the turn-over ceremonies was the election of the incoming Secretary-General, May Catherine C. Ciriaco, SSS Senior Vice-President, vice Mr. Eng Soon Khai, also of the CPF.



150

PARTICIPANTS
AND DELEGATES
FROM 18 SOCIAL
SECURITY
INSTITUTIONS
FROM 10 ASEAN
COUNTRIES



▶ Statement of Management's Responsibility for Financial Statements

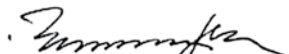
The management of the Social Security System is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes 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.



AMADO D. VALDEZ
Chairman
SS Commission



EMMANUEL F. DOOC
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, 2016 and 2015, 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 entity'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, 2016 and 2015, 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 the opinion, we draw attention to Note 6 to financial statements on the Receivables – Collecting Banks/Collecting Agents (CBs/CAs) account which was presented net of negative balances totaling to P1.656 billion and P11.337 billion as at December 31, 2016 and 2015, respectively. In CY 2016, the negative balances were primarily due to timing differences in the submission of collection documents and remittances for electronic collection reports that did not pass validation criteria, thus, not posted in the subsidiary ledgers of CBs/CAs. The negative balances reduced the total Receivables – CBs/CAs to a net positive balance thereby understating the receivable and related income accounts. There are initiatives to improve the submission of documents and electronic collection reports.

Attention was also drawn to Note 18 to financial statements stating that the Other Current Liabilities – Member Loans Collections account amounting to P1.135 billion and P1.399 billion as at December 31, 2016 and 2015, respectively, representing 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. The unposted collections resulted in the overstatement of the balances of Receivable-MLs and understatement of corresponding interest and penalty income accounts. There are on-going initiatives to manage the unposted 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 31.2 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not 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

June 13, 2017

Statements of Financial Position

(in Philippine Peso)

	Note	Years ended 31 December	
		2016	2015 (As restated)
ASSETS			
Current assets			
Cash and cash equivalents	3	17,830,920,092	19,112,368,217
Held-for-trading financial assets at FVTPL	4	7,639,380,364	4,295,367,446
Held-to-maturity investments	5	7,085,201,375	23,447,522,042
Loans and other receivables	6	7,243,590,466	8,212,204,921
Non-current assets held for sale	7	4,336,866,810	4,386,197,083
Other current assets	8	277,112,568	300,476,320
		44,413,071,675	59,754,136,029
Non-current assets			
Loans and other receivables	9	83,028,792,064	79,067,897,352
Financial assets	10	318,857,542,993	279,308,305,720
Investment property	11	22,994,258,201	19,488,937,709
Property and equipment - net	12	4,530,621,832	4,414,892,489
Intangible assets - net	13	237,252,642	141,272,897
Other non-current assets	14	2,334,945,872	2,223,852,256
		431,983,413,604	384,645,158,423
Total assets		476,396,485,279	444,399,294,452
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	15	7,404,906,703	4,060,149,416
Funds held in trust	16	777,646,897	765,881,517
Deferred income	17	28,113,117	47,346,854
Other current liabilities	18	1,692,514,603	2,018,275,379
		9,903,181,320	6,891,653,166
Non-current liabilities			
Accrued retirement benefits	19	1,607,005,231	1,501,493,328
Rent payable	20	29,687,606	18,455,690
Deferred income	21	436,464,187	463,314,857
		2,073,157,024	1,983,263,875
Total liabilities		11,976,338,344	8,874,917,041
RESERVES	22	464,420,146,935	435,524,377,411
Total liabilities and reserves		476,396,485,279	444,399,294,452

See accompanying notes to financial statements.

Statements of Profit or Loss and Other Comprehensive Income

(in Philippine Peso)

		Years ended 31 December	
	Note	2016	2015
REVENUES			
Members' contribution		144,364,882,509	132,615,001,628
Investment and other income	23	30,096,245,230	29,486,866,666
		174,461,127,739	162,101,868,294
Expenditures			
Benefit payments			
Retirement	24	78,105,736,297	63,084,598,735
Death		39,205,006,057	34,793,885,370
Maternity		5,288,927,150	5,213,138,153
Disability		4,513,863,558	4,152,579,448
Funeral grant		3,582,870,714	3,073,285,313
Sickness		2,267,691,293	2,226,135,701
Medical services		13,119,467	15,973,343
Rehabilitation services		1,559,715	1,224,384
		132,978,774,251	112,560,820,447
Operating expenses			
Personnel services	25	6,273,888,426	5,755,113,245
Maintenance and other operating expenses	26	3,203,491,651	3,091,267,562
		9,477,380,077	8,846,380,807
Total expenditures		142,456,154,328	121,407,201,254
Net revenue/profit for the year		32,004,973,411	40,694,667,040
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets			
Reclassification adjustments	22.3	(181,158,664)	(167,841,422)
Net gain/(loss) on fair value adjustment	22.3	(2,820,600,913)	(24,362,335,815)
Items that may not be reclassified subsequently to profit or loss			
Net gain on revaluation of land		-	1,122,325,680
		(3,001,759,577)	(23,407,851,557)
Total comprehensive income		29,003,213,834	17,286,815,483

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, 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 PE-land to investment property		6,863,225	-	-	-	(6,863,225)	-	-	-
Total comprehensive income/(loss) for the year		40,694,667,040	(24,530,177,237)	-	-	1,122,325,680	-	-	17,286,815,483
Balance, December 31, 2015	22	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
Balance, January 1, 2016		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
Changes in reserves for the year									
Corporate operating budget of:									
Employees' Compensation Commission		(83,124,300)	-	-	-	-	-	-	(83,124,300)
Occupational Safety and Health Center		(93,020,200)	-	-	-	-	-	-	(93,020,200)
Contribution		-	-	103,555,450	15,154,600	-	-	-	118,710,050
Withdrawal		-	-	(47,479,019)	(100,000)	-	-	-	(47,579,019)
Guaranteed income		-	-	11,246,161	-	-	-	-	11,246,161
Management cost of investment		-	-	(5,175,409)	-	-	-	-	(5,175,409)
Annual incentive benefit		(14,609,462)	-	13,148,516	-	-	-	-	(1,460,946)
Reclassification from contingent surplus to Reserve Fund		-	-	-	-	-	(7,040,647)	-	(7,040,647)
Total comprehensive income/(loss) for the period		32,004,973,411	(3,001,759,577)	-	-	-	-	-	29,003,213,834
Balance, December 31, 2016	22	476,551,250,972	(15,650,037,897)	606,914,925	21,538,600	2,879,088,355	-	11,391,980	464,420,146,935

See accompanying notes to financial statements.

Statements of Cash Flows

(in Philippine Peso)

	Note	Years ended 31 December	
		2016	2015 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Members' contribution		144,364,882,509	132,615,001,628
Investment and other income		20,707,435,157	21,570,446,995
Payments to members and beneficiaries		(132,977,719,470)	(112,560,881,711)
Payments for operations		(8,968,781,671)	(8,771,131,661)
Net cash generated by operating activities		23,125,816,525	32,853,435,251
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan releases and other investment purchases, net		(23,910,755,138)	(27,356,719,766)
Acquisition of property and equipment, net		(260,378,529)	(309,599,740)
Acquisition of intangible assets, net		(135,727,320)	(79,689,038)
Net cash used in investing activities		(24,306,860,987)	(27,746,008,544)
CASH FLOWS FROM FINANCING ACTIVITIES			
Corporate operating budget of:			
Employees' Compensation Commission		(83,124,300)	(71,150,494)
Occupational Safety and Health Center		(93,020,200)	(83,518,400)
Flexi-fund equity			
Contribution		103,555,450	93,820,752
Withdrawal		(47,479,019)	(26,870,361)
Guaranteed income		11,246,161	8,218,450
Management cost of investment		(5,175,409)	(4,538,514)
Annual incentive benefit		(1,460,946)	(1,409,034)
PESO fund equity			
Contribution		15,154,600	6,484,000
Withdrawal		(100,000)	-
Net cash used in financing activities		(100,403,663)	(78,963,601)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,281,448,125)	5,028,463,106
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		19,112,368,217	14,083,905,111
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	17,830,920,092	19,112,368,217

See accompanying notes to financial statements.

▶▶ Notes to Financial Statements

1. REPORTING ENTITY

The Social Security System (SSS) is a government financial institution which 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 September 1, 1957, Republic Act (RA) No. 1161 or 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 May 1, 1997, 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 RA No. 1161, as amended by RA No. 8282, exempts the SSS and all its benefit payments from all kinds of taxes, fees or charges, customs or import duty.

Pursuant to 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.

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" 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 OFWs 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 of the SSS is on 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 of SSS 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 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) self-employed, voluntary and OFW 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.

The SSS also administers Employees' Compensation and State Insurance Fund as provided for by Presidential Decree (PD) No. 626, as amended. 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 No. 442 or the Labor Code of the Philippines. It, however, became fully operational with the issuance of PD No. 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 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.

The summary of the financial performance and result of operations of the funds as at December 31, 2016, are as follows. All inter-fund accounts have been eliminated.

	SSS	EC-SIF	Total
Assets			
Investments	406,396,763,635	33,680,303,429	440,077,067,064
Cash and cash equivalent	17,274,756,665	556,163,427	17,830,920,092
Receivables	6,452,461,767	319,236,632	6,771,698,399
Property and equipment	4,767,874,474	-	4,767,874,474
Others	6,941,624,045	7,301,205	6,948,925,250
Total assets	441,833,480,586	34,563,004,693	476,396,485,279
Liabilities	11,963,972,948	12,365,396	11,976,338,344
Reserves	429,869,507,638	34,550,639,297	464,420,146,935
Total liabilities and reserves	441,833,480,586	34,563,004,693	476,396,485,279
	SSS	EC-SIF	Total
Revenues			
Members' contribution	142,451,262,957	1,913,619,552	144,364,882,509
Investment and other income	28,517,757,613	1,578,487,617	30,096,245,230
	170,969,020,570	3,492,107,169	174,461,127,739
Expenses			
Benefit payments	131,883,668,840	1,095,105,411	132,978,774,251
Operating expenses	9,399,665,560	77,714,517	9,477,380,077
	141,283,334,400	1,172,819,928	142,456,154,328
Profit for the year	29,685,686,170	2,319,287,241	32,004,973,411
Other comprehensive income (loss)			
Net unrealized gain (loss) on available for sale financial assets	(2,496,948,450)	(504,811,127)	(3,001,759,577)
Total comprehensive income	27,188,737,720	1,814,476,114	29,003,213,834

The principal office address of SSS is located at East Avenue, Diliman, Quezon City. It has 168 local branches and 108 service and representative offices located in the various cities and municipalities of the country, and 21 foreign branch offices situated in Asia and Pacific, Europe, Middle East and North America.

The accompanying financial statements as of and for the year ended December 31, 2016 (including the comparative financial statements as of and for the year ended December 31, 2015) were approved and authorized for issue by the SSC on April 5, 2017.

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. Presentation of financial statements

The financial statements are presented in accordance with PAS 1, Presentation of Financial Statements. The System presents all items of income and expenses in a single statement of comprehensive income.

c. 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 (FVTPL) are measured at fair value;
- Marketable securities classified as available-for-sale (AFS) are measured at fair value;
- Investment properties are measured at fair value; and
- Land under property and equipment are measured at revalued amount.

c.1. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a non-financial asset is measured on its highest and best use. The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The SSS classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- *Level 1* - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Held-for-trading and AFS investments fall under this level.
- *Level 2* - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the over-the-counter derivative contracts.
- *Level 3* - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market prices in its valuations where possible. Investment properties and non-current assets held for sale are within this level.

d. Presentation currency

The financial statements are presented in the Philippine peso, which is the System's functional and presentation currency. All amounts are rounded to the nearest peso, unless otherwise stated.

e. 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.

f. Provisions

Provisions are measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation, and reflects the present value of expenditures required to settle obligation where the time value of money is material.

SSS recognizes a provision if, and only if: (a) a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event); (b) payment is probable (more likely than not), and (c) the amount can be estimated reliably.

g. Events after reporting period

Post year-end events that provide additional information about the System's financial position at the end of reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

2.2. Adoption of new and amended PFRS

a. Effective in 2016 that are relevant to the System

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, 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.

- Amendment to PAS 19, *Employee Benefits* - The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated that is important, and not the country where they arise. The assessment whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.
- Amendment to PAS 34, *Interim Financial Reporting* - The amendment clarifies what is meant by the reference in the standard to information disclosed elsewhere in the interim financial report. It further amends PAS 34 to require cross-reference from interim financial statements to the location of that information. The amendment is retrospective.
- Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Methods of Disposal* - The amendment clarifies that, when an asset (or disposal group) is reclassified from held for sale to held for distribution, or vice versa, this does not constitute a change of plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as held for sale or held for distribution simply because the manner of disposal had changed. The amendment also rectifies an omission in the standard by explaining that the guidance on changes in plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as held for sale.
- Amendments to PFRS 7, *Servicing Contracts and Interim Financial Statements* - PFRS 7 provide guidance on what is meant by continuing involvement. The amendment on *Servicing Contracts* adds specific guidance to help management determine whether the terms of an arrangement to service is a financial asset which has been transferred constitute continuing involvement. This amendment is prospective with an option to apply retrospectively. A consequential amendment to PFRS 1 is included to give the same relief to first-time adopters. The amendment on *Interim Financial Statements* clarifies that the additional disclosure required by the amendments to PFRS 7, *Disclosure - Offsetting Financial Assets and Financial Liabilities* is not specifically required for all interim periods, unless required by PAS 34. The amendment is retrospective.

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 2016 that are not relevant to the System

Other standards, amendments and interpretations which become effective for the financial year beginning on January 1, 2016 are considered not relevant to the company, as follows:

- Amendments to PAS 16, *Property, Plant and Equipment* and PAS 41, *Agriculture - Agriculture: Bearer Plants* - The amendments distinguish bearer plants from other biological assets as bearer plants are solely used to grow produce over their productive lives. Bearer plants are seen as similar to an item of machinery in a manufacturing process and therefore will be classified as Property Plant and Equipment and accounted for under PAS 16.
- 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*, PFRS 12, *Disclosures of Interest in Other Entities*, PAS 28 - *Investment Entities: Applying the Consolidation Exception* - The amendments clarify the application of the consolidated exception for investment entities and their subsidiaries.
- Amendments to PFRS 11, *Joint Arrangement - Accounting for Acquisitions of Interest in Joint Operations* - The amendments provide specific guidance on accounting for the acquisition of an interest in a joint operation (JO) that is a business. The amendments address diversity in practice related to the accounting for these transactions.
- PFRS 14, *Regulatory Deferral Accounts* - PFRS 14 only applies to first-time adopters of PFRS that apply PFRS 1 and conduct rate-regulated activities. Rate regulation is a framework where the price that an entity charges to its customers for good and services are subject to oversight and/or approval by an authorized body.

c. Effective subsequent to 2016 but not adopted early

Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2016 and have not been applied in the preparation of the financial statements are summarized below.

Effective annual periods beginning on or after January 1, 2017:

- Amendments to PAS 7, *Cash Flow Statements – Disclosure Initiative* – These amendments PAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure initiative, which continues to explore how financial statements disclosure can be improved.
- Amendments to PAS 12, *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses* – These amendments clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets.

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

- Amendments to PFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions* – These amendments clarify the accounting for cash-settled share-based payment transactions that include a performance condition, classification of share-based payment transactions with net settlement features and accounting for modifications of share-based payment transactions from cash-settled to equity-settled.
- 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 FVTPL 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.

- Amendments in Applying PFRS 9, *Financial Instruments* with PFRS 4, *Insurance Contracts* – The amendments to PFRS 4 provide two options for entities that issue insurance contracts. An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach and an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.
- PFRS 15, *Revenue from Contract Customers* – The amendments address three topics: identifying performance obligations, principal versus agent considerations and licensing. PFRS 15 requires an entity to identify performance obligations on the basis of distinct promised goods or services. When another party is involved in providing goods or services to a customer, it requires an entity to determine whether it is the principal in the transaction or the agent on the basis of whether it controls the goods or services before they are transferred to the customer. When an entity grants a license to a customer that is distinct from other promised goods or services, the entity has to determine whether the license is transferred at a point in time or over time on the basis of whether the contract requires the entity to undertake activities that significantly affect the intellectual property to which the customer has rights.

Effective for reporting periods beginning on or after January 1, 2019:

- PFRS 16 – *Leases* – The new accounting model under PFRS 16 requires a lessee to recognize a right-of-use asset and a lease liability. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. This will typically produce a front-loaded expense profile as an assumed linear depreciation of the right-of-use asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating distinction between operating and finance leases. Lessor accounting however remains unchanged and the distinction between operating and finance lease is retained. PFRS 16 is likely to have a significant impact on the financial statements of a number of lessees. The new standard will affect both the balance sheet and related ratios, such as debt/equity ratios. Depending on the particular industry and the number of lease contracts previously classified as operating leases under PAS 17, the new approach will result in a significant increase in debt on the balance sheet.

The SSS plans to adopt prospectively all relevant and applicable standards from the date of its effectivity.

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 FVTPL.

c. Determination of fair value

The SSS determines fair value based on the nature of the financial assets classified according to the intention of the management following the fair value hierarchy of PFRS 13. This seeks to increase consistency and comparability in fair value measurements and related disclosures. Based on the hierarchy category which considers the inputs used in valuation techniques into three levels. SSS financial assets fall under Levels 1 and 3 only.

d. Classification

The SSS has the following non-derivative financial assets at FVTPL, held-to-maturity financial assets, loans and receivables and AFS financial assets.

d.1. Financial assets at 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. 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 AFS 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. Impairment of financial assets

The System assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The carrying value of the impaired account is reduced to the extent that it exceeds the asset's net realizable value. Impairment losses are recognized in full in profit or loss.

If in subsequent period, the amount of accumulated impairment loss has decreased because of an event occurring after impairment has been recognized, the decrease is allowed to be reversed to profit or loss to the extent that the resulting carrying value will not exceed the amortized cost determined had no impairment been recognized.

f. 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.

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 method.

2.6. Investment property

Investment property account consists of property held to earn rentals and/or for capital appreciation. This account also includes real properties that were previously subject of mortgage loan, individual real estate loan, commercial and industrial loan which were foreclosed or acquired through dacion en pago, cancelled or relinquished by former owners in favor of SSS due to non-payment.

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.

The fair values of investment properties are determined annually at the reporting date by an independent professionally qualified valuer. The market value is estimated using gathered available market evidences giving considerations to the extent, character and utility of the properties. The zoning and current land usage in the locality and the highest and best use of the property were used to collect data on current prices.

The Sales Comparison Approach was also used to measure land under the investment property category by gathering current values thru analyses of comparable properties recently sold and current asking prices. For buildings and improvements, the appraisers used the Modified Quantity Survey Method, taking into account the current replacement cost of the property.

The fair valuation of these investment properties is considered to represent a Level 3 valuation based on significant non-observable inputs being the location and condition of the property.

Transfers to or from investment property are made when there is a change in use, evidenced by: (a) commencement of owner-occupation; (b) end of owner-occupation; or (c) 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 ten 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 as 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, except for contributions from Flexi-Fund and PESO Fund members which are directly credited to equity.

b. Interest income

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

2.14. Related party disclosures

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the reporting entity). In such a case, SSS considers the following as related party to the organization: (a) Members of the SSC; (b) President and Chief Executive Officer (PCEO); and (c) Executive Vice President.

3. CASH AND CASH EQUIVALENTS

This account is composed of the following:

	2016	2015
Cash on hand and in bank	2,583,634,786	4,856,248,305
Time and special savings deposits	15,247,285,306	14,256,119,912
	17,830,920,092	19,112,368,217

Cash in banks earns 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. Interest rates per annum range from 0.10 per cent to 1.15 per cent for savings and current accounts and 1.3 per cent to 2.9 per cent for time and special savings deposits.

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 at December 31, 2016, P96 million is being maintained in several banks for such purpose.

Interest income earned from cash in banks and term deposits amounted to P325.06 million and P291.84 million as at December 31, 2016 and 2015, respectively (See Note 23).

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The fair value of financial assets held for trading are measured using active quoted market prices, recurring and Level 1 based on the level of fair value hierarchy. They are measured at fair value to properly reflect the changes and actual values of the asset in the market.

	2016	2015
Equities – stocks	6,426,563,297	4,295,367,446
Government securities	1,114,690,177	-
Corporate bonds	97,117,653	-
Externally managed fund	1,009,237	-
	7,639,380,364	4,295,367,446

The costs of the financial assets are as follows:

	2016	2015
Equities – stocks	6,656,857,292	4,336,936,746
Government securities	1,152,394,743	-
Corporate bonds	100,472,351	-
Externally managed fund	1,000,000	-
	7,910,724,386	4,336,936,746

On April 18, 2016, Resolution No. 266-s. 2016 and on February 18, 2015, Resolution No. 156-s. 2015, the SSC approved the trading (buying and selling) of corporate bonds and government securities, respectively, with portfolio size of P1 billion each. Further, the SSC in its meeting held on May 4, 2016 with Resolution No. 304-s. 2016, approved the classification of trading corporate bonds and government securities as held-for-trading financial assets.

5. HELD-TO-MATURITY INVESTMENTS

This account is composed of the following:

	2016	2015
Short-term money placements	-	4,812,861,865
Government bonds	646,700,000	15,645,200,000
Corporate notes	5,938,501,375	2,989,460,177
Corporate bonds	500,000,000	-
	7,085,201,375	23,447,522,042

Short-term money placements are short-term investments with original maturities of more than 90 days. Interest income earned recorded under current investment income-held to maturity as at December 31, 2016 and 2015 amounted to P391.45 million and P349.03 million, respectively (See Note 23).

6. LOANS AND OTHER RECEIVABLES

This account is composed of the following:

	2016	2015
Loan to National Home Mortgage Finance Corporation (NHMFC)	457,526,254	457,526,254
Commercial and industrial loans	5,725,100	60,861,093
Sales contract receivable – investment property	8,640,713	8,060,776
Loan to other government agencies – UP-PGH	-	22,334,251
	471,892,067	548,782,374
Collecting banks/agents/bayad center	3,050,349,542	3,684,297,010
Interest receivable	3,289,604,212	3,359,823,217
Other receivables	431,744,645	619,302,320
	7,243,590,466	8,212,204,921

The Receivable - Collecting Banks/Agents (CB/CA) account represents premiums and loans receivables collected by banks and remittance companies accredited by SSS but were not yet remitted to SSS as at December 31, 2016 and 2015. Said account is debited for the amount indicated to the collection documents or electronic data files from CB/CA for the amount of remittances/deposits of the CBs/CAs. The balance of the account was presented net of negative balances totalling to P1.657 billion, primarily due to timing differences in the submission of collection documents and remittances for electronic collection reports that did not pass validation criteria.

The interest receivable account represents the accrued interests from various SSS investments like time deposits, special savings deposits, government notes and bonds, corporate notes and bonds, which are still uncollected as at December 31, 2016 and 2015. This account is credited whenever cash is collected, either monthly, quarterly, semi-annually or annually depending on the interest payment date of the investment.

7. NON-CURRENT ASSETS HELD FOR SALE

This account is composed of the following:

	Land	Building	Acquired assets/ Registered	Total
Carrying amount, January 1, 2016	3,768,911,410	164,785,775	466,158,751	4,399,855,936
Accumulated impairment loss	(1,846,078)	(3,311,947)	(8,500,828)	(13,658,854)
Net carrying amount, January 1, 2016	3,767,065,332	161,473,828	457,657,923	4,386,197,082
Additions	2,631,510	-	291,436,392	294,067,902
Transfer	-	(40,088,173)	-	(40,088,173)
Disposals	(59,754,600)	-	(232,283,375)	(292,037,975)
Impairment (loss)/recovery	(3,659,185)	(32,155)	(7,580,686)	(11,272,026)
Fair value, December 31, 2016	3,706,283,057	121,353,499	509,230,254	4,336,866,810
Fair value, December 31, 2015	3,767,065,332	161,473,828	457,657,923	4,386,197,083

The fair value of non-current asset held for sale is measured based on the assessment of internal/external expert, non-recurring and is Level 3 based on the level of fair value hierarchy due to unobservable inputs. It is measured at the lower of carrying amount and fair value less cost to sell. As at December 31, 2016, the impairment loss of P12.17 million and recoveries/reversals of impairment of P3.91 million are recognized in profit or loss (See Note 23).

As for the internally appraised properties classified as non-current assets held for sale, the value of land was established using the Market Data Approach. The initial value of the land is based on the sales and listings of comparable properties. Adjustments were then applied to the gathered value of land by comparing the physical and locational characteristics of the subject property and the comparable properties.

The value of the improvements was arrived at using the Cost Approach. The current reproduction cost-new of the improvement or structure is first established in accordance with the prevailing market prices of construction materials, labor, contractors' overhead, profits and fees. Adjustments are then made to reflect depreciation resulting from physical deterioration and obsolescence.

Due to the change of management intention on the use of the Aurora Milestone Building located at 1045 Aurora Boulevard, Brgy. Loyola Heights, Quezon City, with carrying value of P40.09 million, such asset has been reclassified to Property, Plant and Equipment as approved by the PCEO duly noted by the Investment and Oversight Committees on June 15, 2016.

8. OTHER CURRENT ASSETS

This account is composed of the following:

	2016	2015
Supplies and materials inventory	259,682,586	286,341,614
Prepaid expenses	15,197,595	12,466,871
Revolving fund	1,682,355	1,499,947
Advances-officials and employees	550,032	167,888
	277,112,568	300,476,320

Supplies and materials used or consumed as at December 31, 2016 and 2015 amounted to P207.17 million and P178.68 million, respectively (See Note 26).

9. NON-CURRENT LOANS AND OTHER RECEIVABLES

This account is composed of the following:

	2016	2015
Member loans	80,395,895,902	71,560,002,916
Accumulated impairment loss	(5,811,544,735)	(5,058,555,915)
	74,584,351,167	66,501,447,001
Loan to NHMFC	9,998,396,352	10,352,131,691
Accumulated impairment loss	(4,482,415,902)	(1,080,965,795)
	5,515,980,450	9,271,165,896
Housing loans	2,476,228,000	2,675,746,114
Accumulated impairment loss	(397,658,746)	(203,775,994)
	2,078,569,254	2,471,970,120
Commercial and industrial loans	73,235,947	207,767,007
Accumulated impairment loss	(61,003,337)	(63,807,556)
	12,232,610	143,959,451
Program Members Assistance for the Development of Entrepreneurship (MADE)	17,219,220	17,219,220
Accumulated impairment loss	(17,219,219)	(17,219,219)
	1	1
Sales contract receivable	869,180,938	713,086,001
Accumulated impairment loss	(31,522,356)	(33,731,118)
	837,658,582	679,354,883
	83,028,792,064	79,067,897,352

Loans and other receivables earn interest at their respective rates, as follows:

	Interest Rate (Per Annum)
Member loans	3.0 to 10.0
Loan to NHMFC	4.0
Housing loans	3.0 to 12.0
Commercial and industrial loans	2.5 to 14.0
Sales contract receivable	6.0 to 9.0

On April 25, 2016, SSS issued the guidelines on the Loan Restructuring Program (LRP) for member-borrowers affected by previous calamities/disaster under Office Order No. 2016-026. The objective of the program is to provide reprieve for members with past due calamity loans and other short-term member loans residing or working in calamity/disaster-stricken areas as declared by the National Disaster Risk Reduction and Management Council. The total principal and accrued interests of all past due short-term loans of the member-borrower shall be consolidated into one Restructured Loan (RL1). Penalties shall be condoned after full payment of outstanding principal and interest of RL1 within the approved term. The balance of RL1 should be zero at the end of the term. Otherwise, the unpaid principal of RL1 and the proportionate balance of condonable penalty shall become part of a new principal under Restructured Loan 2 (RL2). The availment period of the program is up to one year from April 28, 2016 until April 27, 2017.

As at December 31, 2016, member-borrowers availment of the LRP reached 384,552 with condonable penalty of P6.08 billion. The principal and interest capitalized amounted to P6.02 billion and collected P1.84 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 unrealized gains of P135.49 million will be amortized over the term of the new Benchmark Bonds.

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 2012 to December 31, 2016 amounted to P2.10 billion 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
BMB-C-16-0006531	April 28, 2016	64,198,930
BMB-C-16-0016736	September 15, 2016	54,212,150
		2,101,746,214

The total amount of P4.38 billion consisting of the 50:50 SSS and NG shares has been expended/extended as loans to member beneficiaries as at December 31, 2016. 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. Interest income as at December 31, 2016 and 2015 is P0.81 million and P0.63 million, respectively.

Movements during the year in accumulated impairment losses for non-current loans and other receivables are as follows:

	Balance, January 1	Additional Provision	Recovery/ Reversal	December 31
Member loans	5,058,555,915	835,887,931	82,899,112	5,811,544,735
Loan to NHMFC	1,080,965,795	3,401,450,108	-	4,482,415,902
Housing loans	203,775,994	195,476,414	1,593,662	397,658,746
Commercial and industrial loans	63,807,556	-	2,804,219	61,003,337
Program MADE	17,219,219	-	-	17,219,219
Sales contract receivable	33,731,118	804,777	3,013,539	31,522,356
	6,458,055,597	4,433,619,230	90,310,532	10,801,364,295

The net impairment provisions for 2016 and 2015 amounted to P4.43 billion and P394.24 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.

10. FINANCIAL ASSETS

This account is composed of the following:

	2016	2015
AFS financial assets		
Marketable securities		
Cost	118,053,572,790	105,979,106,262
Unrealized gain	(15,650,668,196)	(12,648,278,320)
	102,402,904,594	93,330,827,942
Ordinary and preference shares		
Cost	1,211,576,087	1,211,245,786
Accumulated impairment loss	(743,467,449)	(743,304,410)
	468,108,638	467,941,376
Corporate notes		
Cost	1,928,259,985	1,928,259,985
Accumulated impairment loss	(548,397,079)	(548,397,079)
	1,379,862,906	1,379,862,906
Total AFS financial assets	104,250,876,138	95,178,632,224
HTM investments		
Notes and bonds	214,606,666,855	184,129,673,496
	318,857,542,993	279,308,305,720

Notes and bonds earn interest at 3.375 to 11.25 per cent depending on the amount and terms of the investment.

The fair value of the marketable securities classified as AFS financial asset as at December 31, 2016 and 2015 is P102.40 billion and P93.33 billion, respectively, and are measured using active quoted market prices, recurring and level 1 based on the level of fair value hierarchy. They are measured at fair value to properly reflect the changes and actual values of the asset in the market. Fair value gains/losses are recognized in the other comprehensive income.

11. INVESTMENT PROPERTY

This account is composed of the following:

	Land	Building	Development Cost	Total
Fair value, January 1, 2016	15,477,175,176	4,002,076,695	9,685,838	19,488,937,709
Adjustments	-	12,129,872	-	12,129,872
Disposals	(177,826,750)	(7,060,000)	-	(184,886,750)
Fair value gain (loss)	3,697,660,292	(19,582,922)	-	3,678,077,370
Fair value, December 31, 2016	18,997,008,718	3,987,563,645	9,685,838	22,994,258,201
Fair value, December 31, 2015	15,477,175,176	4,002,076,695	9,685,838	19,488,937,709

The costs of investment property as at December 31, 2016 and 2015 is P7.44 billion and P7.53 billion, respectively.

The fair value gains and losses on the land and building are reported in the statement of profit or loss as part of investment income.

The fair value of investment property is determined based on valuations performed by independent appraisers, non-recurring and is Level 3 based on the level of fair value hierarchy due to unobservable inputs. They are measured at fair value to properly reflect the increase/decrease in the value of the properties.

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

	2016	2015
Gain (loss) on fair value adjustment	3,678,077,370	1,531,505,110
Rental income	543,138,606	507,811,127
Penalty on rentals	955,284	1,282,336
Gain (loss) on sale/disposal	86,173,250	72,000
Direct operating expenses	(71,317,913)	(83,892,499)
Impairment loss	(401,739)	-
	4,236,624,858	1,956,778,074

The proceeds arising from the sale of investment properties is subject to the restriction provided under Sections 25 and 26 of the SS Law which states that three per cent of other revenues shall be used for administrative and operational expenses. All revenues that are not needed to meet the current administrative and operational expenses shall be accumulated in the Investment Reserve Fund.

Direct operating expenses incurred for income and non-income generating investment properties as at December 31, 2016 is P66.53 million and P2.98 million, respectively.

The cumulative change in fair value of sold investment properties if the cost model is used is as follows:

	2016	2015
Selling price	271,060,000	1,072,000
Acquisition cost	(107,403,177)	(1,045,000)
Fair value gain (loss)	163,656,823	27,000

As at December 31, 2016, no investment property has been reclassified to Non-current asset held for sale or Property, Plant and Equipment.

12. PROPERTY AND EQUIPMENT - NET

This account is composed of the following:

	Land and land improvement	Buildings and building/ leasehold improvements	Furniture and equipment, transportation equipment, computer hardware and others	Construction in progress	Total
Gross carrying amount					
January 1, 2016	3,328,012,881	1,378,173,270	2,878,393,826	28,396,099	7,612,976,076
Additions	-	-	236,450,061	25,978,014	262,428,075
Transfers	-	46,903,583	-	(6,815,410)	40,088,173
Retirement/cancellations/ disposal/adjustments	-	(52,938,066)	(123,431,296)	-	(176,369,362)
December 31, 2016	3,328,012,881	1,372,138,787	2,991,412,591	47,558,703	7,739,122,962
Accumulated depreciation					
January 1, 2016	7,946,998	854,112,388	2,196,502,783	-	3,058,562,169
Charge for the period	429,403	30,875,328	153,702,839	-	185,007,570
Retirement/cancellations/ disposal/adjustments	-	(52,938,036)	(121,651,991)	-	(174,590,027)
December 31, 2016	8,376,401	832,049,680	2,228,553,631	-	3,068,979,712
Accumulated impairment loss					
January 1, 2016	948,351	138,573,067	-	-	139,521,418
Impairment loss	-	-	-	-	-
December 31, 2016	948,351	138,573,067	-	-	139,521,418
Net book value, December 31, 2016	3,318,688,129	401,516,040	762,858,960	47,558,703	4,530,621,832
Net book value, December 31, 2015	3,319,117,533	385,487,817	681,891,042	28,396,097	4,414,892,489

Among the property, plant and equipment, only land is subject to revaluation. It was revalued by an independent appraisers in December 2015. 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. This approach requires the establishment of comparable property by reducing comparative 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 net carrying amounts would be as follows:

	2016	2015
Land and land improvement	485,860,527	475,107,646
Accumulated depreciation	(8,535,178)	-
	477,325,349	475,107,646
Building and building improvement	1,237,332,892	1,197,244,720
Accumulated depreciation	(754,761,078)	(724,497,981)
	482,571,814	472,746,739
	959,897,163	947,854,385

Any increase in the value of the land as a result of revaluation is recorded under property revaluation reserves while a decrease is recognized as an expense to the extent that it exceeds any amount previously credited to property valuation reserve. The balance of the property revaluation reserves as at December 31, 2016 and 2015 is P2.88 billion and this is not subject to any appropriations as at end of the reporting period.

Rental income-operating assets amounting to P9.18 million and P11.03 million for the year ended December 31, 2016 and 2015 were included in the statements of profit or loss and other comprehensive income.

As at December 31, 2016, the total gross carrying amount of fully depreciated Property, Plant and Equipment that are still in use is P1.46 billion. The carrying amount of Property, Plant and Equipment retired from active use and held for sale amounted to P0.20 million.

13. INTANGIBLE ASSETS - NET

This account is composed of the following:

	2016	2015
Cost		
Balance, January 1	593,431,886	534,246,359
Additions	135,727,320	79,837,753
Retirement/disposals/cancellation	(10,325,354)	(20,652,225)
Balance, December 31	718,833,852	593,431,887
Accumulated amortization		
Balance, January 1	376,330,764	330,970,690
Amortization charge for the period	39,746,904	46,258,115
Retirement/disposals/cancellation	(10,324,685)	(898,042)
Balance, December 31	405,752,983	376,330,763
Accumulated impairment loss		
Balance, January 1	75,828,227	75,828,227
Impairment for the period	-	-
Retirement/disposals/cancellation	-	-
Balance, December 31	75,828,227	75,828,227
Net book value, December 31	237,252,642	141,272,897

The carrying amount of intangible assets with indefinite lives as at December 31, 2016 and 2015 amounted to P60.70 million and P44.57 million, respectively. All intangible assets with definite lives are amortized with the period of five years or twenty per cent annual amortization rate.

14. OTHER NON-CURRENT ASSETS

This account is composed of the following:

	2016	2015
Receivable-collecting banks	1,684,478,096	1,615,613,722
Accumulated impairment loss	(152,366,883)	(122,348,843)
	1,532,111,213	1,493,264,879
Interest receivable	12,713,910,411	12,715,155,119
Accumulated impairment loss	(12,707,637,959)	(12,707,637,957)
	6,272,452	7,517,162
Advances-fire/MRI/foreclosure proceedings/RPT	259,759,446	224,745,648
Accumulated impairment loss	(444,689)	(541,806)
	259,314,757	224,203,842
Others	1,046,933,207	1,004,921,789
Accumulated impairment loss	(509,685,757)	(506,055,416)
	537,247,450	498,866,373
	2,334,945,872	2,223,852,256

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 SSC approved SSS participation and invested in various HGC-guaranteed Asset Participation Certificates (APC) from 1995 to 2000. However, the Asset Pools failed to service the regular interest due on the APCs. In view of this, the SSS decided to call on the guaranty of HGC from November 2000 to July 2001. HGC was unable to pay in full guarantee obligations and partially settled it through the issuance of debenture bonds and transfer of 19 lots through dacion en pago. From year 2005 to 2013 correspondences and meetings were sent and conducted between and among SSS, HGC, and DOF. In November 27, 2013 the SSC under Resolution No. 899, approved the filing of a petition for arbitration and adjudication with the Office of the Government Corporate Counsel (OGCC) and by December 23, 2013 SSS formally filed with the OGCC the Petition for Arbitration and Adjudication versus HGC. On August 20, 2015, SSS submitted a motion for early resolution of the case while on December 1, 2015, OGCC requested SSS to pay arbitration fee in the amount of P19.8 million (50 per cent share in P39.6 million total arbitration fees to be shared equally by SSS and HGC). SSS in its letter dated February 1, 2016 replied that payment of arbitration fee may not pass in audit per COA's rules and regulations. The last communication of SSS to OGCC was on December 14, 2016 and to date there was no decision yet.

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 at 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.

Movements during the year in accumulated impairment losses for non-current other assets are as follows:

	Balance, January 1	Additional Provision	Recovery/ Reversal	Balance, December 31
Receivable-collecting banks	122,348,843	30,018,040	-	152,366,883
Interest receivable	12,707,637,957	2	-	12,707,637,959
Advances-fire/MRI/foreclosure proceedings/RPT	541,806	37,651	134,768	444,689
Others	506,055,416	6,010,239	2,379,898	509,685,757
	13,336,584,022	36,065,932	2,514,666	13,370,135,288

15. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account is composed of the following:

	2016	2015
Accounts payable	5,349,314,089	2,368,330,125
Accrued expenses	2,055,592,614	1,691,819,291
	7,404,906,703	4,060,149,416

16. FUNDS HELD IN TRUST (FHT)

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:

	2016	2015
Officials and employees	327,704,032	290,332,087
Suppliers and creditors	249,047,481	265,713,51
Borrowers and other payors	151,866,535	159,369,369
Due to other government units	26,890,498	28,365,172
Dividend – stock investment loan program	15,492,454	15,492,454
Flexi-fund -10 per cent retained earnings	4,850,964	3,390,018
Educational loan fund – DECS	1,794,933	1,794,933
Unified multi-purpose ID fund	-	1,423,965
	777,646,897	765,881,517

FHT - officials and employees includes amount deducted from the separation/retirement claims of SSS officials and employees for the benefits received but were subsequently disallowed in audit. Total funds withheld as at December 31, 2016 amounted to P182.99 million. This is done to assure collection once the pending appeal in court or COA will result to an unfavorable decision and disallowances become final and executory. However, in the event that the decision will be in favor of SSS and its employees, all withholdings will be returned.

On July 2016, COA Order of Execution has been issued for the disallowed incentives and as of December 31, 2016, P13.30 million withheld under FHT were applied as partial settlement.

17. DEFERRED INCOME - CURRENT

This account represents advance rental payments from tenants of SSS property as at December 31, 2016 and 2015 amounting P28.11 million and P47.35 million, respectively.

18. OTHER CURRENT LIABILITIES

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.

This account is composed of the following:

	2016	2015
Member loans collection	1,476,853,447	1,789,307,539
OFW collections	99,434,795	106,312,636
Undistributed collection	77,902,695	88,188,264
Sales contract receivable	38,315,758	23,811,495
Real estate loans collection	7,908	10,650,631
Employees' housing loan program	-	4,814
	1,692,514,603	2,018,275,379

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 composed of seven modules are either under development and User's Acceptance Testing phase. The Loans Granting module has been fully implemented in April 2016 while Billing/Collection module has been tested and will be deployed once the database migration from LMS to eLMS is completed. The Loans Records Management module is under testing and the rest of the modules, i.e. Library Maintenance, Inquiry Management Report and Delinquency modules, are still being deployed. The new system will facilitate posting to ensure that borrowers' accounts reflect the correct loan balances, including the corresponding charge, such as interest and penalties.

19. ACCRUED RETIREMENT BENEFITS

The accrued retirement benefits of employees as at December 31, 2016 and December 31, 2015 are as follows:

	2016	2015
Terminal leave pay	870,551,608	775,117,532
Retirement benefits/gratuity	641,074,474	641,074,473
Retirement incentive allowance	95,379,149	85,301,323
	1,607,005,231	1,501,493,328

19.1. Retirement benefits

Retirement benefits are available to qualified employees under any one of RA No. 1616, RA No. 660 and RA No. 8291. Under RA No. 1616, SSS, as the last employer of the qualified employees, pays the gratuity benefit of those who opt to retire under the said law. Benefits under RA No. 660 and RA No. 8291 are paid by GSIS. Thus, the liability only pertains to RA No. 1616.

19.2. Terminal leave benefits

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

19.3. Retirement incentive award

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

20. RENT PAYABLE

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

21. 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.

22. RESERVES

22.1. 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 per cent in private securities, 35 per cent in housing, 30 per cent in real estate related investments, 10 per cent in short and medium-term member loans, 30 per cent in government financial institutions and corporations, 30 per cent in infrastructure projects, 15 per cent in any particular industry and 7.5 per cent 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 per cent limit in equity investments, based on the opinion dated June 25, 2007 of the Legal and Adjudication Sector of COA.

22.2. 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 only until 2015. Given such projections, the SSS, implemented measures (e.g. increases in the contribution rate from 8.4 per cent to 9.4 per cent 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.) 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 per cent effective January 2007, and the grant of 10 per cent 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 per cent, and the increase in Monthly Salary Credit (MSC) ceiling to P16,000. The 2011 Actuarial Valuation was then updated to consider the five per cent across-the-board pension increase implemented in June 2014. This update showed a reduction of the fund life by one year to 2042.

The results of the 2015 Actuarial Valuation showed that the SSF was projected to last until 2042, similar to the projection of the updated 2011 Actuarial Valuation. The summary of results of the updated 2011 Valuation, as well as the previous 2015 Actuarial Valuation results, are presented in the table below.

**Actuarial Valuation
Comparison of Key Projection Results
2015 Valuation versus 2011 Valuation
Under the Baseline Scenario**

	Key Projection Results	2011 Valuation*	2015 Valuation**
No future across-the-board increase in pensions	Year fund will last	2042	2042
	Year net revenue becomes negative	2034	2034

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

**As published in the 2015 Actuarial Valuation Report

Despite these improvements in the projected fund life throughout the past Actuarial Valuation, 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. There is unfunded liability when the liability (the difference between the present value of future benefits and operating expenses, and the present value of future contributions) is greater than the reserve fund.

The liability of the SSS in the updated 2011 Actuarial Valuation was computed using a discount rate of 8 per cent. With the low interest rate regime, the discount rate for the 2015 Actuarial Valuation was set to 6 per cent, reflecting yields of long term government bonds. The comparison of liability and unfunded liability in the updated 2011 Valuation and 2015 Valuation is presented in the following table.

**Actuarial Valuation
Comparison of Unfunded Liability
2015 Valuation versus 2011 Valuation Under the Baseline Scenario
(Amounts in Trillion pesos)**

Key Projection Results	2011 Valuation at 8% Discount Rate*	2015 Valuation at 6% Discount Rate**
Liability	1.56	3.87
Reserve fund	0.34	0.40
Unfunded liability	1.22	3.47

* Present values were computed as of December 31, 2013 using discount rate of 8 per cent.

** Present values were computed as of December 31, 2015 using discount rate of 6 per cent.

Based on the updated 2011 Valuation results, the unfunded liability was valued at P1.22 trillion using a discount rate of 8 per cent. Meanwhile, the unfunded liability of P3.47 trillion in the 2015 Valuation was computed at a discount rate of 6 per cent. If a discount rate of 8 per cent was used instead in the 2015 Valuation, then the unfunded liability would be at P1.42 trillion. Thus, the increase in unfunded liability of P2.05 trillion is due to the update of the discount rate reflective of the current market environment.

This current unfunded liability 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. During the period from 1980 to 2016, pensions were increased through across-the-board pension increases of up to 20 per cent (22 times) and increases in minimum pension amount through RA No. 8282; MSC ceiling was also increased 12 times. The contribution rate, on the other hand, was only increased 4 times during the same period, from 8 per cent to 8.4 per cent in 1980, 8.4 per cent to 9.4 per cent in 2003, then to 10.4 per cent in 2007, and finally to 11 per cent 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 conducted regularly, the results of which serve as basis of recommendations for policy reforms. The recommendations mentioned in the valuations include improving the contribution collection, raising the contribution rate, increasing the minimum and maximum MSC, revisiting the pension formula, reviewing the qualifications for eligibility for long-term benefits, raising the retirement age, and exploring other means to improve the adequacy of benefits. 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.

22.3. Investments revaluation reserve

	2016	2015
Balance, January 1	(12,648,278,320)	11,881,898,917
Net gain (loss) arising on revaluation of AFS financial assets	(2,820,600,913)	(24,362,335,815)
Cumulative gain (loss) reclassified to profit or loss on sale/disposal of AFS financial assets	(181,158,664)	(167,841,422)
Balance, December 31	(15,650,037,897)	(12,648,278,320)

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of AFS 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.

23. INVESTMENT AND OTHER INCOME

This account is composed of the following:

	2016	2015
Investment income		
Income from current investments		
<i>HTM investments</i>		
Interest income	391,447,530	349,030,439
Gain(loss) on fair value adjustment	974,418	-
<i>Held-for-trading financial assets</i>		
Dividend Income	137,245,796	168,700,037
Interest Income	61,922,963	-
Gain(loss) on fair value adjustment	(229,783,959)	(1,498,549,950)
Gain(loss) on sale/disposal	623,897,937	404,818,118
Investment expense	(38,013,093)	(37,387,834)
Total income from current investments	947,691,592	(613,389,190)
Income from non-current investments		
<i>AFS financial assets</i>		
Dividend income	3,362,240,404	3,164,431,467
Gain on sale/disposal	4,580,667,682	5,868,817,041
Investment expense	(8,845,291)	(7,737,934)
Impairment loss	(463,038)	-
	7,933,599,757	9,025,510,574
<i>HTM investments</i>		
Interest income	12,459,220,047	12,449,067,682
Penalty on overdue amortization	721,386	-
Gain(loss) on sale/disposal	26,850,669	23,237,721
Investment expense	(921,380)	(811,678)
	12,485,870,722	12,471,493,725

<i>Loans and receivable</i>		
Interest income	5,930,100,109	3,413,717,785
Penalty on overdue amortization	1,355,696,867	1,968,370,253
Investment expense	(108,713)	(117,133)
Impairment loss	(4,433,097,586)	(457,243,439)
	2,852,590,677	4,924,727,466
<i>Investment property (See Note 11)</i>	4,236,624,857	1,956,778,073
Total income from non-current investments	27,508,686,013	28,378,509,838
	28,456,377,605	27,765,120,648

	2016	2015
Other income		
Interest income – cash in bank/term deposits	325,062,364	291,836,646
Directors' fee	47,586,901	65,326,540
Non-current assets held for sale		
Rental income	81,752,828	67,267,008
Gain on sale/disposal	245,512,788	137,723,798
Income from cancelled sale	1,391,915	3,789,441
Related expense	(2,245,594)	(3,564,471)
Impairment loss	(12,171,396)	(6,076,305)
Reversal of impairment loss/reevaluation gain	93,202,920	137,611,878
Service fee – salary loan	310,447,933	288,607,785
Subsidy income from NG	118,411,080	406,869,920
Others	430,915,886	332,353,778
	1,639,867,625	1,721,746,018
Total investment and other income	30,096,245,230	29,486,866,666

In 2016, the SSS incurred a significant decline in the collection of some loans and receivables, AFS financial assets and the decrease in value on non-current asset held for sale, hence carried out a review of its recoverable amount. The review led to the recognition of impairment loss of P4.45 billion, of which P4.43 billion is from loans and receivables, P12.17 million from non-current asset held for sale and P0.46 million from AFS financial assets.

Due to the enhanced loan collection efforts of the organization and the implementation of loan restructuring, SSS considers that certain financial assets are determined to be collectible. The above schedule shows a total of P93.2 million recoveries of which the majority comes from the recovery of impairment loss on member loans amounting to P82.90 million.

As of December 31, 2016, no accrual of interest income has been made on impaired financial assets.

24. 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 as of December 31, 2016 amounted to P132.98 billion, of which P10.54 billion represents pension adjustments arising from the un-lumping of 1985 to 1989 contributions. The project on the 1985 to 1989 contribution was implemented to breakdown the lumped contributions and credited years of service to arrive at the correct computation of pension benefit in compliance with SS Law amendment in 1997 or the RA No. 8282. The policies regarding the 1985-1989 contribution posting and computation of pension benefit adjustment was approved under SSC Resolution No. 291 dated May 4, 2016 and further amended by SSC Resolution No. 394 dated June 22, 2016.

25. PERSONNEL SERVICES

This account is composed of the following:

	2016	2015
Salaries and wages	2,658,488,108	2,422,720,545
Mandatory contributions	1,419,614,827	1,294,858,883
Bonus and rice grant	995,020,488	857,782,283
Incentive award	437,654,698	535,383,523
Allowances	343,098,244	320,308,358
Terminal leave pay	207,211,309	132,229,299
Other personal services	212,800,752	191,830,354
	6,273,888,426	5,755,113,245

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.

As of December 31, 2016, SSS has a total of 6,388 personnel with a total of 731 new employees and 174 retired/separated employees.

26. MAINTENANCE AND OTHER OPERATING EXPENSES

This account is composed of the following:

	2016	2015
Maintenance and repairs – building/leased offices	346,556,702	309,265,161
Service bureau expenses	328,412,809	283,129,663
Office space rentals	248,987,678	227,949,317
Communication expenses	246,124,417	220,123,791
Light and water	226,496,745	227,185,627
Depreciation/amortization	224,754,474	221,442,671
Supplies and materials	207,174,626	178,684,720
Maintenance and repairs – furniture and equipment	201,919,521	171,979,883
Special project	155,514,155	235,044,183
COA audit services	55,089,379	45,440,553
Impairment loss – operating assets	35,626,541	51,232,730
Maintenance and repairs – transportation equipment	23,886,199	24,256,718
Other operating expenses	902,948,405	895,532,545
	3,203,491,651	3,091,267,562

27. OPERATING LEASE COMMITMENTS

27.1. 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.

SSS opened/relocated 15 branches and 5 new service offices nationwide to provide a conducive member-centric environment and entered into a cancellable operating lease agreement with various property owners. As of December 31, 2016, total lease payment recognized as expense amounted to P248.99 million (See Note 26). Further, no sublease agreements made and no occurrences of contingent rent.

27.2. SSS as lessor

The SSS leases out portion of its office space to various tenants under cancellable operating lease agreements and the minimum lease rental amounts to at least P6,000 per month. The leases have varying terms, escalation clauses and renewal rights.

Total rental income earned and recognized in the statement of profit or loss as of December 31, 2016 and 2015 amounted to P604.48 million and P567.53 million, respectively.

28. RELATED PARTY DISCLOSURES

The total compensation and benefits of key management personnel which consists of short term benefits amounted to P24.04 million and P33.19 million as of December 31, 2016 and 2015, respectively. Key management compensation and benefits form part of the Personnel Services and Maintenance and Other Operating Expenses accounts (See Notes 25 and 26, respectively).

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/bonds 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 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 stockholder's (i) good standing in the Exchange, (ii) minimum capitalization, (iii) profitability, and (iv) positive track record of service; and
- Transactions of a stockholder 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 with Section 26 of SS Law, Policies and Guidelines in Determining and Managing Exposure Limits to Debt and Equity were established.

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 involve at least one internal party.

b. External fraud

The losses due to acts of a type intended to defraud, misappropriate property or circumvent 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 payments 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 processes management

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

SSS manages risks related to human resources 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.

As at December 31, 2016 financial year, the Risk Management Department is working on defining the proposed Financial Risk Metrics. The metrics will be submitted to the PCEO for endorsement to the SSC for approval. Once approved, such metrics will be incorporated in the notes.

30. EVENTS AFTER REPORTING PERIOD

For the past few years, numerous bills have been filed in the Senate and in the House of Representatives which seek to provide increases in pensions. Such initiatives prospered in the 16th Congress in 2015, which culminated in the passing of a bill which sought to provide a P2,000 across-the-board pension (ATBP) increase to all existing and future pensioners. However, in January 2016, the President Benigno Aquino III vetoed the said bill, which could have dire financial consequences to the SSS. The bills on the ATPB increase were refiled when the 17th Congress opened in June 2016.

On February 22, 2017 a memorandum from the Executive Secretary of the Office the President of the Philippines confirmed the approval of the P1,000 increase in the benefits of qualified SSS retirees, survivors and permanently disabled pensioners effective January 2017.

The SSC in its meeting held on February 22, 2017 under Resolution No. 175 approved for the implementation of the grant for additional monetary benefits which shall effect the release of the said benefits for January, February and March 2017 on March 3, 10 and 17, 2017, respectively.

31. OTHER MATTERS

31.1. Commitments

Amount authorized but not yet disbursed for capital expenditures as at December 31, 2016 is approximately P1.01 billion.

31.2. 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 15th day of the following month except those withheld for the month December which are remitted on or before 20th day of January of the following year. Value added taxes and final income taxes withheld are remitted on or before 10th day of the following month.

In compliance with the requirements set forth under the Revenue Regulations No. 15-2010, hereunder are the taxes paid/remitted during the taxable year:

Period Covered	BIR Form 1600 (VAT and Other Percentage Taxes)	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. 2016	123,435,545	91,535,903	632,891,953	18,304

The SSS is exempted from all kinds of taxes pursuant to Sec. 16 of RA No. 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


In 2016, IAS took on a variety of challenging pursuits by way of Baseline Assessment of Internal Control System (BAICS), management, operations and compliance audit. These projects ranged from taking a look at certain facets of branch operations and that of the corporate and support services, as well as the investment sector. We are pleased to report that IAS was able to complete the planned 14 audit projects for the year. In addition, IAS completed review of 30 procurements and took the lead role in the Internal Quality Audit of ISO-certified branches.

Hereunder are the most significant observations for 2016:

- 1) To fulfill its vision for universal coverage, SSS launched programs aimed at providing social security protection to all Filipino workers at a very affordable cost. One of these programs is the AlkanSSSyA, which was officially implemented in 2012 for the coverage of the informal sector workers (e.g. jeepney/tricycle drivers, job order employees of Local Government Units, etc.). SSS members under this program are encouraged to save a small amount from their daily income in order to accumulate enough to pay their monthly contributions. Flagship projects intended to reach out to the grassroots are laudable, however, the fundamentals on program implementation and clear-cut directions should not be sacrificed in the process. IAS strongly recommended the review of the program objectives and mechanics, taking into consideration the administrative cost of collecting the contributions from this sector, not to mention the safety and security of the account officers who have to manually collect from the Informal Sector Groups in various locations the monthly contributions of their individual members, issue official receipts, and deposit these to the bank or SSS tellering branch.
- 2) The Accounts Monitoring System (AMS) is an automated system designed to effectively manage contribution delinquency of employers. Its utilization has been directed under Office Order No. 2009-041. To date, however, this tool has yet to be fully utilized in all branches, as well as in the Large Account Divisions. IAS strongly recommended the use of the AMS to ensure that all delinquent accounts are correctly billed to improve the overall effectiveness of collecting from delinquent employers.
- 3) The SSS is an organization that relies heavily on information technology to go about its business, hence it is exposed to all kinds of risks that can be destructive and disruptive of the smooth and orderly operation and delivery of the much needed service to its 35.3 million members. In order to prevent or at least mitigate the risks, IAS strongly recommended that the SSS must have a clear and updated Backup Policy and I.T. Disaster Recovery Plan.
- 4) The principal mission of SSS is "to provide meaningful protection to members and their families against the hazards of disability, sickness, maternity, old age, and death, and other contingencies resulting in loss of income or financial burden". However, in order to fulfill this mission, it is mandated to manage a sound and viable social security system. Furthermore, the law requires that the Investment Reserve Fund should be managed with the skill, care, prudence and diligence necessary under the circumstances. Thus, even as Audit of Held-to-Maturity Investment (Corporate Bonds) showed that none of the issuers of corporate bonds as of December 2015 defaulted in the payment of interest and principal, the criteria prescribed by Republic Act 8282, otherwise known as the Social Security Act of 1997 and internal guidelines, particularly, on the evaluation of the issuing corporation's unimpaired capital and surplus, must be consistently applied in all potential bond investments.

As far as the SSS Internal Control System (ICS) is concerned, initial evaluation showed that all the five (5) components of Internal Control, namely: 1) Control Environment; 2) Risk Assessment; 3) Control Activities; 4) Information and Communication; and 5) Monitoring are in place and functioning. However, gaps and deficiencies were found in all the five components in both operations and support units. Based on the foregoing result, IAS conducted a risk assessment for strategic planning purposes and for crafting the 2018 Audit Plan. However, management is enjoined to strengthen the ICS by enforcing the use of the National Guidelines on ICS issued by the Department of Budget and Management pursuant to its Circular No. 2008-8 dated October 31, 2008 and to designate a responsible office/unit to set policy and develop a mechanism for management to regularly monitor the institution's ICS and submit reports on non-compliance or breakdown of controls, as well as the root cause of deviation.

In 2017, IAS has lined up projects supporting the strategic objectives of Management. We reaffirm our vow to support the achievement of these corporate goals.



ANTONETTE L. FERNANDEZ
Vice President

► 2016 SSS Strategy Map and Performance Scorecard

For submission to the Governance Commission for GOCCs (GCG), the SSC approved the 2016 SSS Strategy Map and Performance Scorecard on 26 August 2015.

Upon re-evaluation, several changes were introduced taking into consideration the SSS mission and vision:

- On 18 April 2016, the SSC approved the modifications made specifically the strategic measure on *Improve Net Satisfaction Rating* and its corresponding commitment, and the commitments for *Reduce Processing Time, Paperless Processes and Filing by 2020*, and the *ISO Certification of DDR System and Manualization of Core Processes*.
- On 8 June 2016, on the proposed change on one of the commitments from *establishment of a baseline competency level to preparation of Competency Tables for Branch Operations Sector, Medical Services Division, and Central Processing Group*, the SSC pointed out that Management should have not committed to something that is not doable or attainable, but considering that time is of the essence, the Commission acceded and directed the Management to forward a letter on the proposed change to the GCG and make representations with it to facilitate immediate action thereon.
- On 19 December 2016, the SSC further approved the recommendation to delete "ARTA Rating" with five percent (5%) weight allocation from the strategic measures, apropos the Civil Service Commission letter informing the SSS that it will not be surveyed under the Anti-Red Tape Act Report Card Survey (ARTA-RCS) for 2016, thereby redistributing the 5% weight allocation among the other strategic measures.

Central to these changes is the commitment to better service and genuine concern to the welfare of the members.

Monitoring of targets incorporated in the 2016 Performance Agreement between the GCG and the SSS was also conducted and results thereof reported to the SSC.

► Risk Oversight Report

In order to achieve its mission, the SSS must continually balance risk and return in terms of business processes — whether strategically-focused, investment-related, or operational in nature.

In this light, the SSC approved on 18 May 2016 and 22 June 2016 the four (4) SSS Risk Management Manuals, categorized as follows:

- **Operational Risk Management** – Operation risk is the exposure to potential loss, whether direct or indirect, due to ineffective and inefficient internal process, human resource failures, systems failures, or external events.
- **Financial Risk Management** – Financial risk is defined as the risk that investments are not made in accordance with the objective of the SSS, as stated in R.A. 8282, due to the presence of risk that SSS will not achieve its target return-on-investments (relative to acceptable risk level) for the Investment Reserve Funds managed by the Investments Sector and Lending and Asset Management Division.
- **Insurance and Demographic Risk Management** – Insurance and Demographic risk 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 insurance was designed and valued.
- **Strategic Risk Management** – Strategic risk speaks of risk arising from unanticipated changes in key elements of strategy formulation and/or execution leading to actual strategic outcomes that adversely differ from expectations.

On 8 June 2016, the SSC approved the SSS Enterprise Risk Management (ERM) Policy, with focus on the following key components:

1. **Corporate Governance** to ensure establishment of appropriate organizational process and corporate controls to measure and manage risk across the organization;
2. **Line Management** to integrate risk management into the investment as well as operational activities of the organization;
3. **Portfolio Management** to aggregate risk exposures, incorporate diversification effects, and monitor risk concentrations against established risk limits;
4. **Risk Transfer** to manage risk exposures that are deemed too high, or are more cost-effective to transfer out to a third party than to hold in the organization's risk portfolio;
5. **Risk Analytics** to provide the risk measurement, analysis and reporting of tools to quantify the organization's risk exposures as well as track external drivers;
6. **Data and Technology Resources** to support the analytics and reporting processes; and,
7. **Stakeholder Management** to communicate and report the organization's risk information to key stakeholders.

Corporate Governance Confirmation Statement

In 2016, the Governance Commission for Government-Owned and Controlled Corporations (GCG) recognized the Social Security System as fully compliant with its Good Governance Conditions, as well as with the Inter-Agency Task Force (IATF) on Harmonization of National Government Performance Monitoring, Information and Reporting Systems, which was created pursuant to Malacañang Administrative Order No. 25, s. 2011.

To raise the corporate governance standards and practices, the SSC approved on 24 February 2016 and 18 May 2016 the amendments to certain sections of the Manual of Corporate Governance for the Social Security System, namely:

- **Section 9. Specific Functions of the SSC** - to add the policies on board meetings schedule and on the period when the Board of Directors/Commissioners should be provided with board papers used during meetings.
- **Section 17. Annual Review of Committees and Composition** - to add an annual performance assessment/evaluation for Board Committee members.
- **Section 25. Public Officials** - adding the "SSS Code of Conduct" as one of the parameters in the performance of the functions and roles of public officials.
- **Section 27. Duty of Diligence** - adding a provision for the mandated ongoing or continuous professional education and training programs for the SSC members and Commission Officers.
- **Section 32. Corporate Social Responsibility** - enhancing policies in line with the commitment and dedication to serve the community in which SSS operates and to establish an environmentally friendly value chain.
- **Section 33. Responsibility of Commissioners, Officers and Employees** - adding a provision institutionalizing a Whistleblowing System in the SSS.

In compliance with the Corporate Governance Scorecard of the Government Owned and Controlled Corporations (GOCC) Sector issued under GCG Memorandum Circular No. 2015-07, the SSC approved on 5 April 2016 the amendment to the existing SSS Internal Audit Charter introducing provisions on the appointment, reassignment, transfer or removal of the Chief Audit Executive, and on the annual review of the adequacy of the internal control system of the SSS.

Historical Data

SSS REGISTERED MEMBERS AND PERSONNEL WORKFORCE

SSS Registered Members and Personnel Workforce

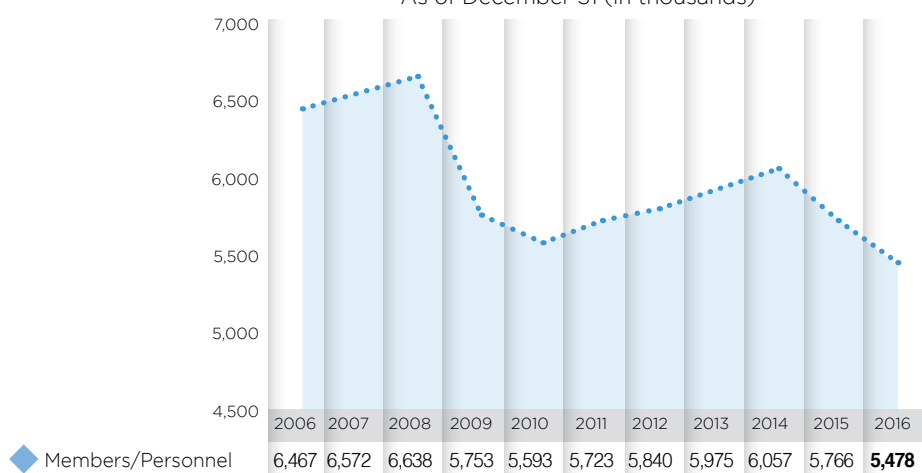
As of December 31 (in thousands)

Year	Members	Employers	SSS Personnel*
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
2016	34,889.1	935.0	6.4

* regular SSS employees only

Ratio of SSS Registered Members to Personnel Workforce

As of December 31 (in thousands)

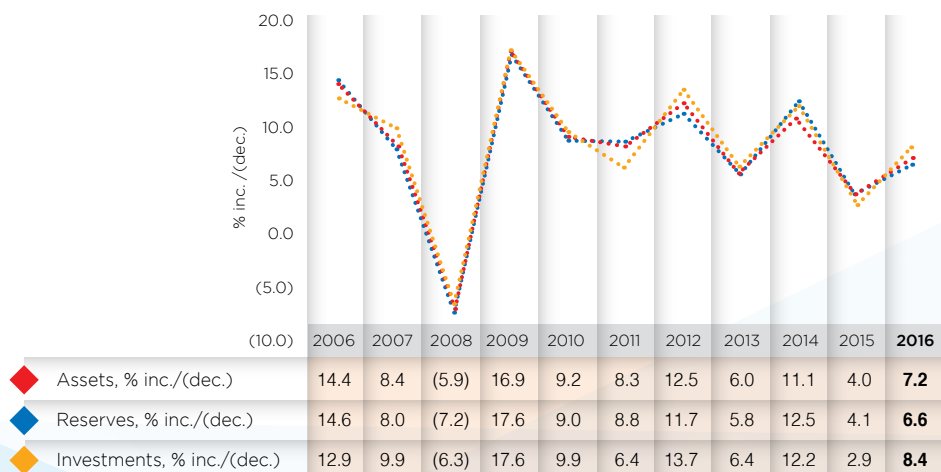


CONSOLIDATED GROWTH OF ASSETS, RESERVES, AND INVESTMENTS

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

Year	Assets	Reserves	Investments
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
2016	476.40	464.42	440.08

Consolidated Growth of Assets, Reserves, and Investments

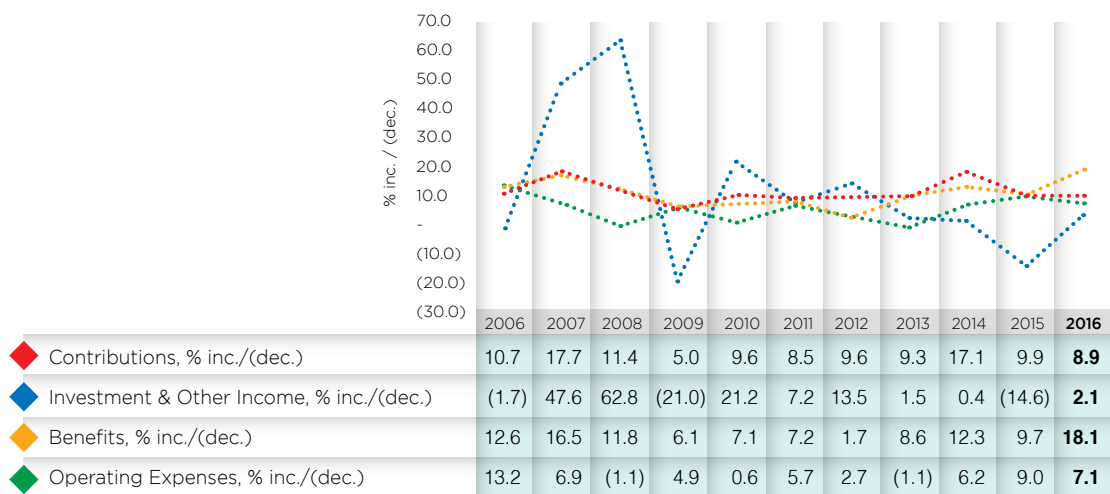


CONSOLIDATED PROGRESS OF OPERATIONS

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

Year	Contributions	Investment & Other Income	Benefits	Operating Expenses
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
2016	144.36	30.10	132.98	9.48

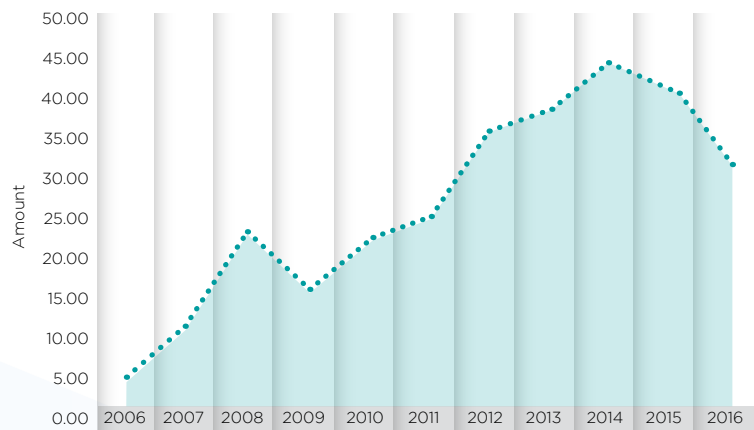
Consolidated Contributions, Investment & Other Income, Benefits, and Operating Expenses



Consolidated Net Revenue (in billion pesos)

Year	Amount	% inc./ (dec.)
2012	36.20	41.7
2013	38.36	6.0
2014	44.47	15.9
2015	40.69	(8.5)
2016	32.00	(21.4)

Consolidated Net Revenue (in billion pesos)

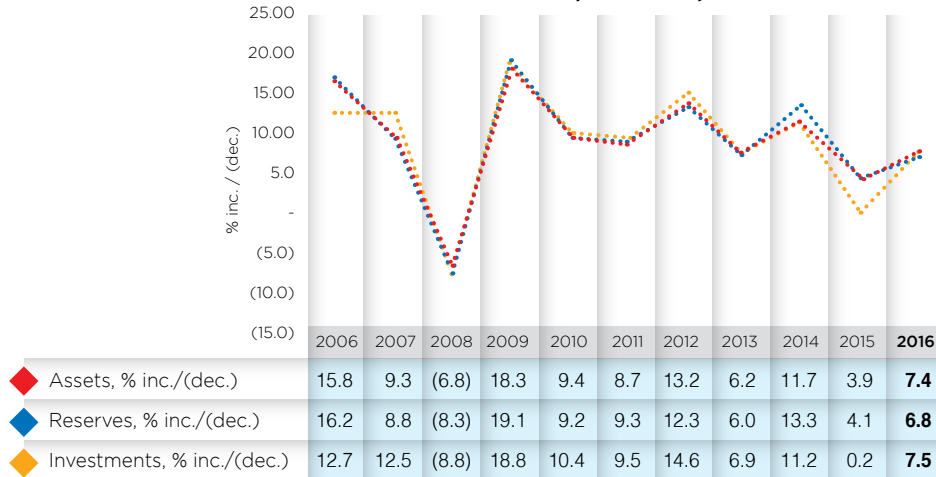


SOCIAL SECURITY FUND¹ GROWTH OF ASSETS, RESERVES, AND INVESTMENTS

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

Year	Assets	Reserves	Investments
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
2016	441.83	429.87	406.40

SS Growth of Assets, Reserves, and Investments

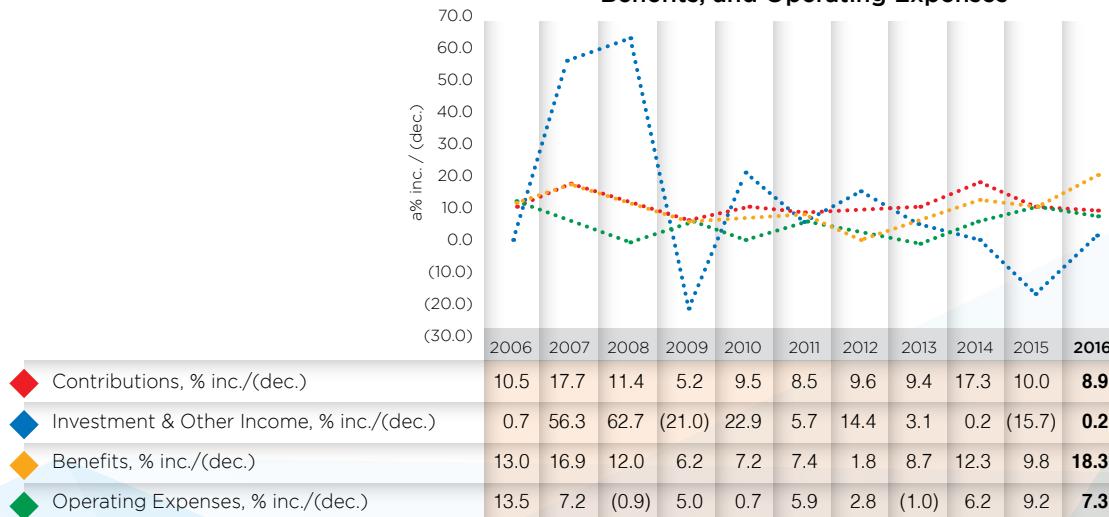


SOCIAL SECURITY FUND PROGRESS OF OPERATIONS

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

Year	Contributions	Investment & Other Income	Benefits	Operating Expenses
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
2016	142.45	28.52	131.88	9.40

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



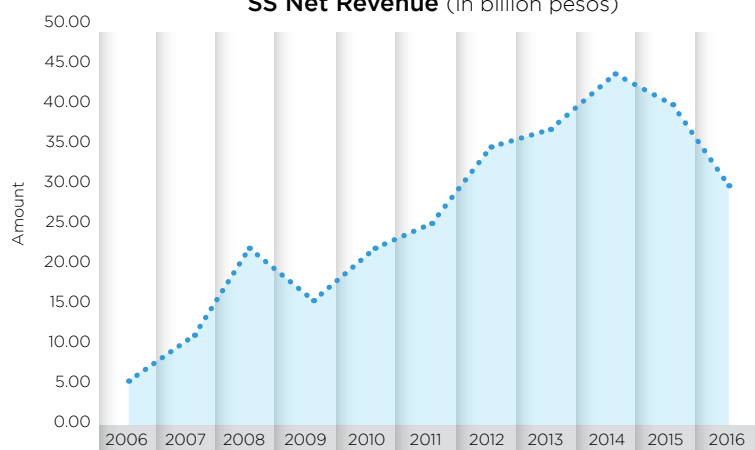
¹ Includes Flexi and PESO Funds

SOCIAL SECURITY FUND PROGRESS OF OPERATIONS

SS Net Revenue (in billion pesos)

Year	Amount	% inc./ (dec.)
2012	34.63	44.0
2013	37.14	7.3
2014	43.19	16.3
2015	38.99	(9.7)
2016	29.69	(23.9)

SS Net Revenue (in billion pesos)

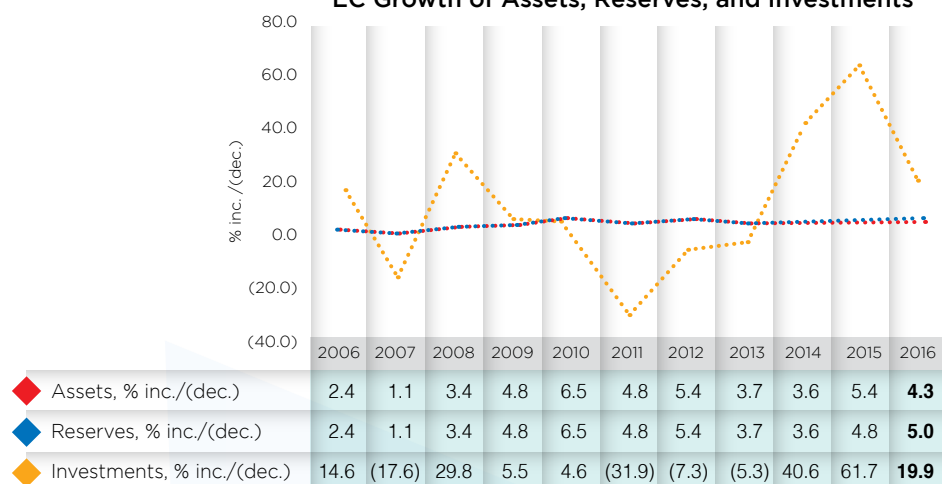


EMPLOYEES' COMPENSATION & STATE INSURANCE FUND GROWTH OF ASSETS, RESERVES, AND INVESTMENTS

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

Year	Assets	Reserves	Investments
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
2016	34.56	34.55	33.68

EC Growth of Assets, Reserves, and Investments

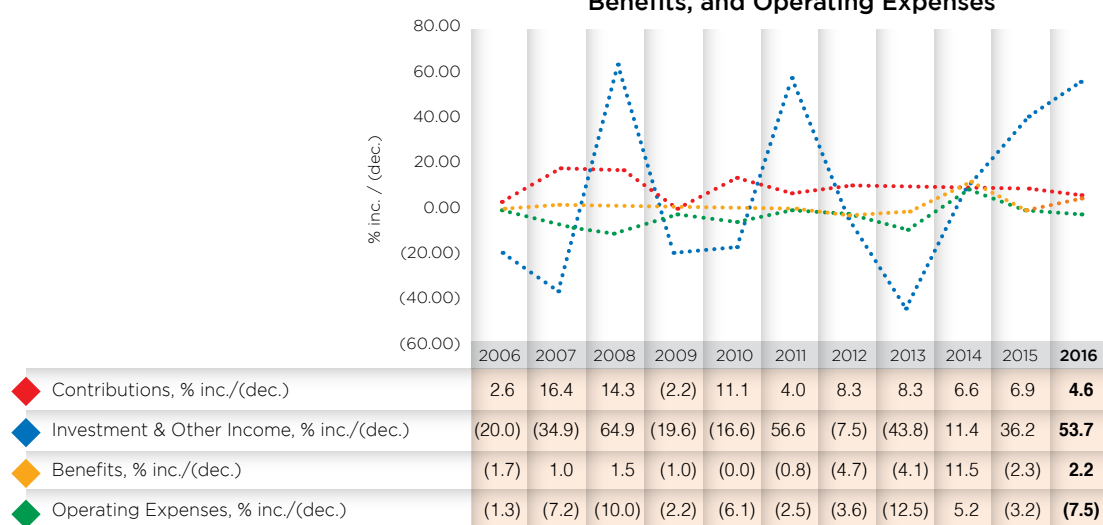


EMPLOYEES' COMPENSATION & STATE INSURANCE FUND PROGRESS OF OPERATIONS

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

Year	Contributions	Investment & Other Income	Benefits	Operating Expenses
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
2016	1.91	1.58	1.09	0.08

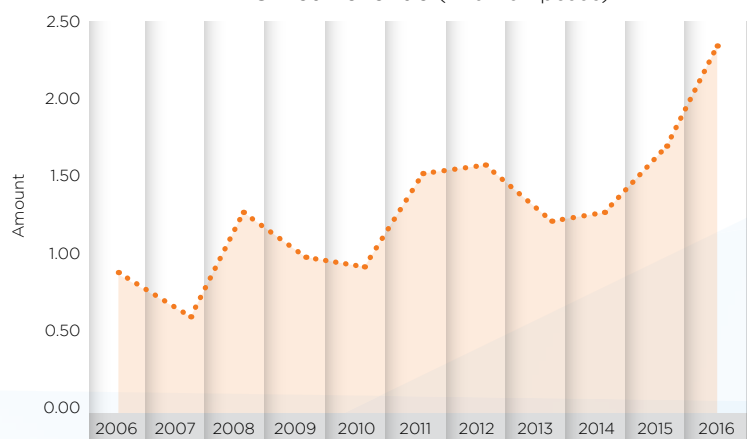
EC Contributions, Investment & Other Income, Benefits, and Operating Expenses



EC Net Revenue (in billion pesos)

Year	Amount	% inc./ (dec.)
2012	1.57	4.7
2013	1.22	(22.4)
2014	1.28	5.4
2015	1.70	32.6
2016	2.32	36.4

EC Net Revenue (in billion pesos)





▶ SOCIAL SECURITY COMMISSION (2010-2016)

- 1. JUAN B. SANTOS**
 Chairman
 Term of Office: 23 August 2010 to 09 October 2016
 Date and Place of Birth: 13 August 1938, Manila
- 2. EMILIO S. DE QUIROS, JR.**
 Vice-Chairman
 Term of Office: 23 August 2010 to 15 November 2016
 Date of Birth: 27 September 1948, Manila
- 3. ROSALINDA D. BALDOZ**
 Ex-Officio Member
 Term of Office: 30 June 2010 to 30 June 2016
 Date and Place of Birth: 11 June 1950, Tagaytay City
- 4. DIANA V. PARDO-AGUILAR**
 Commissioner
 Term of Office: Re-appointed/Oath of office on 14 December 2016
 Date and Place of Birth: 27 October 1963, Manila



5. DANIEL L. EDRALIN

Commissioner

Term of Office: 24 September 2010 to 12 October 2016

Date and Place of Birth: 23 December 1950, Sampaloc, Manila

6. IBARRA A. MALONZO

Commissioner

Term of Office: 8 December 2010 to 5 December 2016

Date and Place of Birth: 18 March 1944, Davao City

7. BIENVENIDO E. LAGUESMA

Commissioner

Term of Office: 16 March 2011 to 24 November 2016

Date and Place of Birth: 3 October 1950, Sta. Cruz, Manila

8. EVA B. ARCOS

Commissioner

Term of Office: 7 January 2015 to 12 October 2016

Date and Place of Birth: 30 May 1961, Tabaco, Albay

9. MICHAEL VICTOR N. ALIMURUNG

Commissioner

Term of Office: 6 October 2015 to 26 October 2016

Date and Place of Birth: 9 January 1975, Makati City



▶ SOCIAL SECURITY COMMISSION 2016

1. AMADO D. VALDEZ

Chairman
 Date of Birth: May 5, 1946
 Place of Birth: San Manuel, Pangasinan
 Age: 70
 Date of Appointment: October 6, 2016
 Date of Oath of Office: October 10, 2016

2. EMMANUEL F. DOOC

Vice Chairman & SSS President and CEO
 Date of Birth: December 24, 1949
 Place of Birth: Daet, Camarines Norte
 Age: 67
 Date of Appointment: November 15, 2016
 Date of Oath of Office: November 16, 2016

3. SILVESTRE H. BELLO III

Ex-Officio Member
 Date of Birth: June 23, 1944
 Place of Birth: Gattaran, Cagayan
 Age: 72
 Date of Appointment/Oath of Office:
 June 30, 2016 as DOLE Secretary

4. ANITA BUMPUS-QUITAIN

Commissioner
 Date of Birth: November 1, 1946
 Place of Birth: Sta. Cruz, Davao del Sur
 Age: 70
 Date of Appointment: October 6, 2016
 Date of Oath of Office: October 13, 2016



5. JOSE GABRIEL M. LA VIÑA

Commissioner
 Date of Birth: June 2, 1957
 Place of Birth: Cebu City
 Age: 59
 Date of Appointment: November 8, 2016
 Date of Oath of Office: November 25, 2016

6. ARTHUR L. AMANSEC

Commissioner
 Date of Birth: November 28, 1946
 Place of Birth: San Jacinto, Pangasinan
 Age: 70
 Date of Appointment: October 6, 2016
 Date of Oath of Office: October 13, 2016

8. MICHAEL G. REGINO

Commissioner
 Date of Birth: August 14, 1961
 Place of Birth: Dipolog, Zamboanga del Norte
 Age: 55
 Date of Appointment: October 24, 2016
 Date of Oath of Office: October 27, 2016

7. DIANA V. PARDO-AGUILAR

Commissioner
 Date of Birth: October 27, 1963
 Place of Birth: Manila
 Age: 53
 Date of Re-Appointment: November 28, 2016
 Date of Oath of Office: December 14, 2016

9. GONZALO T. DUQUE

Commissioner
 Date of Birth: January 16, 1952
 Place of Birth: Dagupan City, Pangasinan
 Age: 64
 Date of Appointment: November 28, 2016
 Date of Oath of Office: December 6, 2016

OFFICE OF THE CORPORATE SECRETARY TO THE COMMISSION

OFFICE OF THE COMMISSION SECRETARY, COMPLIANCE OFFICER AND EXECUTIVE COMMISSION CLERK



SANTIAGO DIONISIO R. AGDEPPA
SVP, Commission Secretary,
Compliance Officer and Executive
Commission Clerk



ANTONETTE L. FERNANDEZ
VP, Internal Audit Service Group



INTERNAL AUDIT SERVICE GROUP

▶ TRAININGS OF SSC IN 2016

SSC Member	Subject and Date of Training
Juan B. Santos	The Corporate Governance Enhancements Session on "The Philippine Competition Act and Philippine Competition Commission" May 3, 2016 PLDT Boardroom, Ramon Cojuangco Bldg. Makati Avenue, Makati City Sponsor: PLDT
Ibarra A. Malonzo	Corporate Governance Orientation Program for GOCCs November 21, 2016 The Peninsula Manila, Makati City Sponsor: Institute of Corporate Directors
Michael Victor N. Alimurung	Annual Corporate Governance Enhancement Session on "Cybersecurity in the 21st Century" February 18, 2016 Meralco Lighthouse, Pasig City Sponsor: Philex Mining Corporation Corporate Governance Orientation Program June 9, 2016 The Peninsula Manila, Makati City Sponsor: Institute of Corporate Directors
Eva B. Arcos	Distinguished Corporate Governance Speaker Series March 9, 2016 Tower Club, Makati City Sponsor: Institute of Corporate Directors Business Integrity Workshop April 22, 2016 Makati Diamond Residences Sponsor: Institute of Corporate Directors Manila International Conference: "From Decentralization to Federalism: The Next Stage of Philippine Democracy" September 22 to 23, 2016 Sponsor: Forum of Federations, in partnership with Konrad Adenauer Stiftung (KAS), Local Government Development Foundation (LOGODEF) and PDP-Laban Federalism Institute

SSC Member	Subject and Date of Training
Amado D. Valdez	Corporate Governance December 13, 2016 47/F Lower Sky Lounge, Unionbank Plaza, Meralco Ave. San Antonio, Pasig City Sponsor: SGV & Co.
Emmanuel F. Dooc	(Scheduled to attend the Corporate Governance Orientation Program for GOCCs on March 7, 2017)
Diana V. Pardo-Aguilar	Advanced Corporate Governance Training Program April 26, 2016 Security Bank Center, Ayala Avenue, Makati City Sponsor: Institute of Corporate Directors
Anita Bumpus-Quitain	Corporate Governance Orientation Program for GOCCs November 21, 2016 The Peninsula Manila Ayala Avenue corner Makati Avenue, Makati City Sponsor: Institute of Corporate Directors
Arthur L. Amansec	Corporate Governance Orientation Program for GOCCs November 21, 2016 The Peninsula Manila Ayala Avenue corner Makati Avenue, Makati City Sponsor: Institute of Corporate Directors
Michael G. Regino	Corporate Governance Orientation Program for GOCCs November 21, 2016 The Peninsula Manila Ayala Avenue corner Makati Avenue, Makati City Sponsor: Institute of Corporate Directors
Jose Gabriel M. La Viña	Corporate Governance Orientation Program for GOCCs December 8, 2016 The Peninsula Manila Ayala Avenue corner Makati Avenue, Makati City Sponsor: Institute of Corporate Directors
Gonzalo T. Duque	(Scheduled to attend the Corporate Governance Orientation Program for GOCCs on March 22, 2017)
Santiago Dionisio R. Agdeppa Commission Secretary/ Executive Clerk of the Commission	Corporate Governance Orientation Program for GOCCs November 21, 2016 The Peninsula Manila Ayala Avenue corner Makati Avenue, Makati City Sponsor: Institute of Corporate Directors

▶ SSS MANAGEMENT

PRESIDENT & CEO, EXECUTIVE VICE PRESIDENT
& SENIOR VICE PRESIDENT



EMMANUEL F. DOOC
PRESIDENT AND CEO

RIZALDY T. CAPULONG
EVP, Investments Sector



JOSEFINA O. FORNILOS
SVP, Central Processing Group

EDDIE A. JARA
SVP, Mindanao Operations Group

JOEL A. LAYSON
SVP, Information Technology
Management Group

JOSIE G. MAGANA
SVP, Luzon Operations Group



VOLTAIRE P. AGAS
SVP, Legal and Enforcement Group



JOSE B. BAUTISTA
SVP, NCR Operations Group



MAY CATHERINE C. CIRIACO
SVP, Administration Group



GEORGE S. ONGKEKO, JR.
SVP, Actuarial and Risk Management Group



ELVIRA G. ALCANTARA-RESARE
SVP, Controllership Group



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



HELEN C. SOLITO
SVP, Visayas Operations Group

► **SSS MANAGEMENT**
VICE PRESIDENT



HELEN L. ABOLENCIA
NCR North Division



VILMA P. AGAPITO
Luzon Central 1 Division



EDWIN M. ALO
Mindanao North Division



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



MARISSU G. BUGANTE
Public Affairs and Special
Events Division



JESSE J. CABEROY
Human Resource Services
Division



REGINALD G. CANDELARIA
Capital Market Division



HIDELZA B. CASTILLO
IT Support Services Division



NICHOLAS C. BALBUENA
IT Operations Division



PEDRO T. BAOY
Asset Management Division



CYNTHIA O. BARCELON
NCR South Division



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



MARIO V. CORRO
Visayas Central 2 Division



VIRGINIA S. CRUZ
Luzon South 1 Division



NILO D. DESPUIG
Luzon Bicol Division

▶ **SSS MANAGEMENT**
VICE PRESIDENT



RODRIGO B. FILOTEO
Mindanao West Division



NELSON P. IBARRA
NCR East/West Division



JEAN V. LAGRADA
Financial and Budget Division



EMMANUEL R. PALMA
Mindanao South 1 Division



NESTOR R. SACAYAN
General Services Division



GWEN MARIE JUDY D. SAMONTINA
Program Services Division



JOHNSY L. MANGUNDAYAO
Operations Accounting Division



LEONORA D. NUQUE
NCR Regional Processing Division



ALAN GENE O. PADILLA
IT Solutions Division



MARIO R. SIBUCAO
Member Services Division



MANOLITO C. TAGALOG
Luzon South 2 Division



GUILLERMO M. URBANO, JR.
Treasury Division

▶ **SSS MANAGEMENT**
OFFICER-IN-CHARGE/DIVISION HEADS



CRISTINA A. BACALLA
Luzon Regional Processing Division



PORFIRIO M. BALATICO
Luzon North 2 Division



LILANI B. BENEDIAN
Visayas West 1 Division



RAUL A. CASIANO
Visayas West 2 Division



CORITA M. GADUANG
Luzon Central 2 Division



ALBERTO L. MONTALBO
Visayas Central 1 Division



CEASAR P. SALUDO
Luzon North 1 Division



GERONIMO T. VALEZA
Internal Audit Service Division II



JOVE L. COLASITO
Mindanao South 2 Division



RENATO JACINTO S. CUISIA
Operations Legal Services
Divisions I & II



ROSANO L. DELMO
Internal Audit Service Division I



NORMITA M. DOCTOR
Benefits Administration Division



MIRIAM A. VILLALBA
Visayas-Mindanao Regional
Processing Division



BRENDA P. VIOLA
Medical Services Division



JOSELITO A. VIVIT
Corporate Legal Services Division

SSC and SSS Management Directory

SOCIAL SECURITY COMMISSION

AMADO D. VALDEZ
Chairman

EMMANUEL F. DOOC
Vice-Chairman

DIANA V. PARDO-AGUILAR
ARTHUR L. AMANSEC
SILVESTRE H. BELLO III
GONZALO T. DUQUE
JOSE GABRIEL M. LA VIÑA
ANITA BUMPUS-QUITAIN
MICHAEL G. REGINO
Members

OFFICE OF THE CORPORATE SECRETARY TO THE COMMISSION

SENIOR VICE PRESIDENT

SANTIAGO DIONISIO R. AGDEPPA
Commission Secretary, Compliance
Officer and Executive Commission Clerk

DEPARTMENT MANAGER III AND OFFICER-IN-CHARGE (OIC)

NAOMI A. ANTAZO
Commission Legal Department II

RENATO M. CUSTODIO
Commission Legal Department I

JOCELYN B. PARAISO*
Commission Secretariat
Department

OFFICE OF THE INTERNAL AUDIT SERVICE GROUP

ANTONETTE L. FERNANDEZ
Internal Audit Service Group

ROSANO L. DELMO
Internal Audit Service Division I

GERONIMO T. VALEZA
Internal Audit Service Division II

SSS MANAGEMENT

OFFICE OF THE PRESIDENT & CEO

EMMANUEL F. DOOC
President & CEO

EXECUTIVE VICE PRESIDENT

RIZALDY T. CAPULONG
Investments Sector

SENIOR VICE PRESIDENT

VOLTAIRE P. AGAS
Legal and Enforcement Group

ELVIRA G. ALCANTARA-RESARE
Controllership Group

JOSE B. BAUTISTA
NCR Operations Group

MAY CATHERINE C. CIRIACO
Administration Group

JOSEFINA O. FORNILOS
Central Processing Group

EDDIE A. JARA
Mindanao Operations Group

JOEL A. LAYSON
Information Technology Management
Group

JOSIE G. MAGANA
Luzon Operations Group

GEORGE S. ONGKEKO, JR.
Actuarial and Risk Management Group

JUDY FRANCES A. SEE
Account Management Group and
Concurrent OIC International
Operations Group

HELEN C. SOLITO
Visayas Operations Group

VICE PRESIDENT AND EQUIVALENT RANK AND OFFICER-IN-CHARGE

HELEN L. ABOLENCIA
NCR North Division

VILMA P. AGAPITO
Luzon Central 1 Division

EDWIN M. ALO
Mindanao North Division

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

CRISTINA A. BACALLA
Luzon Regional Processing Division

PORFIRIO M. BALATICO
Luzon North 2 Division

NICHOLAS C. BALBUENA
IT Operations Division

PEDRO T. BAOY
Asset Management Division

CYNTHIA O. BARCELON
NCR South Division

LILANI B. BENEDIAN*
Visayas West 1 Division

MARISSU G. BUGANTE
Public Affairs and Special Events Division

JESSE J. CABEROY
Human Resource Services Division

REGINALD G. CANDELARIA
Capital Market Division

RAUL A. CASIANO*
Visayas West 2 Division

HIDELZA B. CASTILLO
ICT Support Division

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

JOVE L. COLASITO
Mindanao South 2 Division

MARIO V. CORRO
Visayas Central 2 Division

VIRGINIA S. CRUZ
Luzon South 1 Division

RENATO JACINTO S. CUISIA
Operations Legal Services Division I and II

NILO D. DESPUIG
Luzon Bicol Division

NORMITA N. DOCTOR*
Benefits Administration Division

RODRIGO B. FILOTEO
Mindanao West Division

NELSON P. IBARRA
NCR East Division and Concurrent
OIC of NCR West Division

CORITA M. GADUANG*
Luzon Central 2 Division

JEAN V. LAGRADA
Financial and Budget Division

JOHNSY L. MANGUNDAYAO
Operations Accounting Division

MARIA LOURDES N. MENDOZA
Office of the President & CEO

ALBERTO L. MONTALBO*
Visayas Central 1 Division and Concurrent
OIC of Cebu Branch

LEONORA D. NUQUE
NCR Regional Processing Division

ALAN GENE O. PADILLA
IT Solutions Division

EMMANUEL R. PALMA
Mindanao South 1 Division

NESTOR R. SACAYAN
General Services Division

CEASAR P. SALUDO*
Luzon North 1 Division

* Officer-in-Charge

GWEN MARIE JUDY D. SAMONTINA
Program Services Division

MARIO R. SIBUCAO
Member Services Division

MANOLITO C. TAGALOG
Luzon South 2 Division

GUILLERMO M. URBANO, JR.
Treasury Division

MIRIAM A. VILLALBA
Visayas-Mindanao Regional
Processing Division

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

JOSELITO A. VIVIT
Corporate Legal Services Department

**DEPARTMENT MANAGER III, EQUIVALENT
RANK AND OFFICER-IN-CHARGE**

LEO CALIXTO C. ABAYON
Network Communications Department

MELANIE O. BARCELONA*
Luzon Accounts Department

ELISA B. BAROQUE
Medical Operations Department

ROBERTO B. BAUTISTA
Bilateral Agreements Department

AUREA G. BAY
Branch Systems and Procedures
Department

FELIPE R. CABAÑERO
IT Resource Management Department

DENNIS T. CALONIA
Cash Department

ROBERT B. CLEMENTE
Information Systems Department II

NOEL L. COYUPAN
Professionals Sector Department

ROSA T. CRISOSTOMO
Information Systems Department IV

GLORIA Y. CUISIA
Branch Expansion and Management
Services Department

CELSO C. CUNANAN
Data Center Operations Department

FILOMENA S. DAVID*
Learning and Development Department

ELPIDIO S. DE CHAVEZ
Branch Support Services Department

JOSELITO B. DE LOS REYES*
Employee Services Department

MARIE ADA ANGELIQUE T. DE SILVA
Business and Development Loans
Department and Housing Coordinator

NIXON D. DIMAPASOC
Office Services Department

MA. DOROTHEA R. DIMLA
Liquidity and Bank Deposit Department

BELINDA B. ELLA
General Accounting Department

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

ILDEFONSO S. ESGUERRA, JR.*
Computer Operations
Analysis Department

ERNESTO D. FRANCISCO, JR.*
Equities Department

MARIA NIMFA V. FRANCO*
Management Support
Services Department

ROGELIO A. FUNTELAR
Technical Support Department

RENTONY C. GIBE
Actuarial Department

MA. VIANNEY O. GO
Investments Accounting Department

SONIA P. GUINTO*
Corporate Communications Department

NEIL F. HERNAEZ*
Visayas - Mindanao Accounts Department

STELLA C. JOSEF*
IT Governance and Standards Department

ROGELIO V. LANUZA*
Hosting Services Department

EDMUND P. LEE
Office of the President & CEO

MARIA EMILY C. LIM
Information Systems Department III

EDWIN B. MALIWAT
Engineering and Facilities Management
Department

RENATO N. MALTO
Records Archiving and Servicing
Department and Concurrent OIC
Member Electronic Services Department

ROSALINA C. MANANSALA
Collection Data Processing and
Reconciliation Department

FERNANDO F. NICOLAS
Member Relations Department

BOOBIE ANGELA A. OCAY
Member Loans Department

VAN RENE M. ORPILLA
Information Systems Department I

VENUS D. PASCUAL
Branch Accounting Department

FAUSTINO P. PICONES
Project Management Office

VICTORIA U. POQUIZ
Health Care Department

MA. NYMPHA M. RAGEL
Cooperatives and Informal
Sector Department

HYDEE R. RAQUID
Procurement Planning and Management
Department

REYNALDO S. RASCO
Investments Research and Support
Department

DAISY S. REAL
Performance Management and
Employee Relations Department

DEXTER Q. REBLORA*
Budget Department

MARICHELLE L. REYES*
Voluntary Provident Fund Department

CECILIA S. ROA
Contributions Accounting Department

MA. SALOME E. ROMANO
Information Systems Security Department

JOSE ANTONIO L. SALAZAR
Identity Management Department

LORELIE D. SANTOS
Risk Management Department

MA. LUISA P. SEBASTIAN
Media Affairs Department

CARMEN O. SORIANO
Pensions Administration Department

SYLVETTE C. SYBICO
Foreign Operations Support Services
Department

MARISSA L. TIZON
Office of the President and CEO

ARNOLD A. TOLENTINO
Quality Management Department

MARIANO PABLO S. TOLENTINO
Investment Property Department

IKE A. TUBIO
Special Investigation Department

CARLO C. VILLACORTA*
Corporate Bonds and Loans Department

JOY A. VILLACORTA
Overseas Filipino Workers Management
Department

MARIVIC S. VILLARAMA
Data and Information Services Department

* Officer-in-Charge

BRANCH HEAD AND OFFICER-IN-CHARGE**NATIONAL CAPITAL REGION (NCR) OPERATIONS GROUP****NCR NORTH DIVISION**

MARTIN D. BAUTISTA, JR.
Navotas Branch

CAROLINA L. CASTRO
Cubao Branch

LYDIA C. CERENO
Novaliches Branch

ORLANDO D. CRUZ
Paso De Blas Branch

RUTH A. DE GUZMAN
Malabon Branch

JUANILLO S. DESCALZO, III
Congressional Branch

ZARA M. DIZON
Kalookan Branch

EVELYN L. DUPLON
Diliman Branch

EMMA J. ENRIQUEZ
Valenzuela Branch

ROWENA A. FESALBON
Eastwood Branch

JOCELYN Q. GARCIA
San Francisco Del Monte Branch

LIBERTY A. GORDOVEZ
Fairview Branch

ROWELA CRISTINA R. MACASADIA
Batasan Hills Branch

RONALDO W. RECIO
Deparo Branch

NCR EAST DIVISION

EDNA Q. ALDEA
Tanay Branch

ZENAIDA B. BOLADO
Pasig-Rotunda Branch

MARICRIS G. DELUMEN
Marikina-Malanday Branch

BERLITA F. FABRERO
Antipolo Branch

BENJAMIN M. DOLINDO, JR.
Pasig-Rosario Branch

RONALD D. IBAY*
Cainta Branch

HELEN C. LABAO
Marikina Branch

SUSAN REBECCA D. LARION
San Juan Branch

FELIZARDO B. MINOR, JR.
Mandaluyong Branch

ANNABELLA POLLYANE M. ROMASOC
Mandaluyong-Shaw Branch

TERESITA V. SOLIMAN
Pasig-Pioneer Branch

MARICHI S. TRINIDAD
San Mateo Branch

NCR WEST DIVISION

JOSEPHINE D. ANG
Tondo Branch

LAZARO D. CANLAS
Sta. Mesa Branch

DANIEL T. CAPUT
Pasay-Roxas Boulevard Branch

AMALIA C. CATRAL
Recto Branch

AMELIA A. GUILLERMO
Welcome Branch

LUZVIMINDA J. LIMCAUCO
Binondo Branch

ELIZABETH M. MARCELO
Manila Branch

LORENZO F. PANCHO
Pasay-Taft Branch

EUDORA G. RACUYAL*
Binondo-Reina Regente Branch

VERONICA C. RODRIGUEZ*
Legarda Branch

NCR SOUTH DIVISION

MARIA RITA S. AGUJA
Makati-Gil Puyat Branch

RHODORA G. BONITA
Taguig Branch

JESUSA T. CASIMIRO
Parañaque Branch

LEO A. DANA O
Makati-J.P. Rizal Branch

CRISTINE GRACE B. FRANCISCO
Makati-Ayala Branch

FE MARIE FERNANDEZ- GERALDO
Las Piñas Branch

ESMERALDA B. GARCIA*
Alabang Branch

CATHERINE T. GOMEZ
Alabang-Zapote Branch

FE B. NUNEZ
Taguig-Gate 3 Branch

RHUENA ANNE MARIE C. OCAMPO
Paranaque-Tambo Branch

HOECHST R. POTATO
Guadalupe Branch

LUZON OPERATIONS GROUP**LUZON NORTH 1 DIVISION**

RODERICK M. ANDRADA*
Agoo Branch

RICHARD M. RARALIO*
Vigan Branch

BENEDICTA B. GARCIA*
La Union Branch

BENJAMIN R. LOPEZ
Laoag Branch

FRANCISCO F. PENTECOSTES
Candon Branch

CECILLE T. SALLY
Bontoc Branch

NANCY M. UMO SO
Baguio Branch

EDWARD G. URUA*
Bangued Branch

LUZON NORTH 2 DIVISION

ESTRELLA R. ARAGON
Cauayan, Isabela Branch

JANET D. CANILLAS*
Tuguegarao Branch

GUADALUPE D. CASTILLO*
Ilagan Branch

ROMEO E. REYES
Santiago, Isabela Branch

JOSE RIZAL S. TARUN
Solano Branch

LUZON CENTRAL 1 DIVISION

WINDA G. AGUSTIN*
Iba Branch

JOSE ALVIN M. ALTRE
Alaminos Branch

GLORIA CORAZON M. ANDRADA*
Dagupan Branch

CHRISTIAN C. CATA CUTAN*
Baler Branch

JORDAN A. HERRERA
Mariveles-BEPZ Branch

EMMA M. LAURETA
San Jose, Nueva Ecija Branch

MARIA MAXIMA C. MACARAEG
Tarlac Branch

NARCISO M. MARTINEZ, JR.
Urdaneta Branch

* Officer-in-Charge

MONALISA C. NARDO
Camiling Branch

PRIMITIVO D. VERANIA, JR.
Cabanatuan Branch

JOEL Y. VILLAFUERTE
Balanga Branch

LUZON CENTRAL 2 DIVISION

MIRIAM A. CAMILING*
Sta. Maria Branch

NORMITA M. CRUZ
Angeles Branch

MARITES A. DALOPE
Baliuag Branch

PABLITA A. DAVID
Pampanga Branch

FRANCISCO PAQUITO L. LESCANO
Malolos Branch

ALBINA LEAH C. MANAHAN
Meycauayan Branch

MA. THERESA A. RIBUYACO*
San Jose Del Monte Branch

MARILOU M. SANTOS
Olongapo Branch

JUSTINA C. TANEDO
Bocaue Branch

LUZON SOUTH 1 DIVISION

LIWAYWAY M. ALCANTARA*
San Pablo Branch

ROMAN R. BELEN
Sta. Cruz Branch

MONICA P. DINO
Tagaytay Branch

ELEANOR R. EBREO
Infanta Branch

JOSEPHINE S. HIPOLITO
Calamba Branch

VICTORIA A. LIWANAG
Lucena Branch

ROBERTO S. PAGAYUNAN
Biñan Branch

EXEQUIEL O. PANGANIBAN
Bacoor Branch

MARINA PAULINA G. PANTE
Rosario (EPZA) Branch

SONIA H. PORRAS
Dasmariñas Branch

EVA E. TOMENIO
Carmona Branch

GRACE R. VELASCO
Santa Rosa Branch

LUZON SOUTH 2 DIVISION

ABDULTALIB A. ABIRIN*
Puerto Princesa Branch

JESSICA M. AGBAY
Lemery Branch

SANTISIMA ROSARIO C. BAAC
Boac Branch

JOSEPH PEDLEY V. BRITANICO
Lipa Branch

IMELDA G. FAMILARAN
Odiongan Branch

EDWIN S. IGHARAS
Batangas Branch

FREDERICK D. ISIP
San Jose, Occidental Mindoro Branch

ROBERTO D. MARCELO
Calapan Branch

LUZON BICOL DIVISION

DIVINA T. AVILA
Virac Branch

ALBERTO R. BONAFE, JR.
Sorsogon Branch

ANTONIO A. CASIMIRO
Tabaco Branch

BEATRIZ C. GUMABAO
Goa Branch

CLARIBEL L. REBUENO
Naga Branch

ERMINA MARIA P. ROBREDO
Masbate Branch

ELENITA S. SAMBLERO
Legazpi Branch

VIRGILIO A. SANTIAGO
Daet Branch

PRISCO S. SORSONA
Iriga Branch

VISAYAS OPERATIONS GROUP

VISAYAS CENTRAL 1 DIVISION

ALIETA I. BASUBAS
Toledo Branch

GEMMA C. CABERTE
Mandaue Branch

ERIC A. CORONADO*
Lapu-Lapu Branch

MARIA JUDY G. GO*
Talisay Branch

BENJAMIN A. POMBO*
Tagbilaran Branch

WILLIAM P. PENSERGA*
Bogo Branch

VERDA S. TORREFRANCA
Cebu-North Reclamation Area Branch

VISAYAS CENTRAL 2 DIVISION

GREGORIO S. BAROZA
Maasin Branch

LILIBETH A. CAJUCOM
Tacloban Branch

AILEEN A. OLARAN
Catbalogan Branch

JOEL C. TONIDO*
Calbayog Branch

PORFERIO A. SALIDAGA JR.
Ormoc Branch

VISAYAS WEST 1 DIVISION

ISAAC P. CIOCON, JR.
San Carlos Branch

BRENDA B. CRUZ*
Victorias Branch

LYNLEE LU G. DATO*
Dumaguete Branch

MA. SHEILA V. GALENO
Bago Branch

JANE T. GARGOLES
Sagay Branch

TERESITA T. GONORA*
Bacolod Branch

GERALD T. GONZALES*
Kabankalan Branch

LINA V. HILADO
Bacolod East Branch

VINCENT O. TRANI
Bais Branch

VISAYAS WEST 2 DIVISION

ANGELO O. BLANCAVER
Roxas Branch

EVA J. CURA
Antique Branch

RENE MOISES G. GONZALES
Iloilo-Molo Branch

ELISA M. LLAVAN
Kalibo Branch

EMELIA B. SOLINAP
Iloilo-Central Branch

* Officer-in-Charge

MINDANAO OPERATIONS GROUP**MINDANAO NORTH DIVISION**

JULIET C. ABUTON*
Oroquieta Branch

VALENTINE V. AUNZO
Cagayan De Oro-Lapasan Branch

PERKINS B. CALIXTRO
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