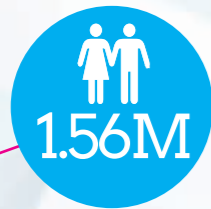




SSS: Anim na Dekadang Sinisiguro
Kinabukasan ng Bawat Miyembro

Annual Report 2017



NEW COVERED MEMBERS



PENSIONERS



SUBSCRIBERS TO SSS FACEBOOK PAGE



INCREASE IN CONTRIBUTION COLLECTIONS



TOTAL BRANCHES/OFFICES



INDIVIDUAL BENEFIT CLAIMS



SSS: Anim na Dekadang Sinisiguro Kinabukasan ng Bawat Miyembro

The Social Security System (SSS) has always had a strong corporate ethic centered on promoting social justice and providing meaningful social protection for its members and their families. For 60 years now, the pension fund has ensured that every Filipino worker has the financial security to meet his needs now, and to take charge of his future. Thus, the affirmation, **“SSS: Anim na Dekadang Sinisiguro, Kinabukasan ng Bawat Miyembro.”**

The SSS 60th Anniversary logo aims to create an overall youthful vibe for the institution’s Diamond Year. The vivid and nationalistic colors characterize the elements of longevity and dynamism. Longevity – one of the many facets that makes diamonds so valuable, and Dynamism – one of the inherent qualities of SSS that allows it to cover and serve more members here and around the world, now and in the years to come.

Finally, the shape of the number was drawn from unique Mindanaoan elements – a nod to the southern region of the Philippines that is expected to be the next area of growth. The linking of two numbers portrays the spirit of “Kabalikat” and communicates the idea of a strong and stable partnership between the SSS and its valued members.

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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.

MILESTONES

September 1, 1957

Social Security System was established to implement the Social Security Act of 1954. The first benefits offered to members were for Disability and Death, while initial coverage was extended to employers with at least 50 employees.



October 1, 1957

In cooperation with the Home Financing Commission, a Housing Loan Program for SSS members was offered.



September 1, 1958

On its first Anniversary, SSS extended its coverage to employers with at least 6 employees, offered Sickness benefits for members with at least one-year coverage and laid the cornerstone of its future home at Quezon City.

March 30, 1959

Granting of direct housing loans.



June 18, 1960

Coverage of all private enterprises with at least one employee and certain types of agricultural workers.

June 22, 1963

Coverage of employees of foreign governments or international organizations, upon agreement with the Philippine Government.



September 16, 1964

Start of Salary Loan Program. Refunds of SSS contributions were stopped.

February 1967

SSS operations were decentralized with the establishment of 10 regional and 59 provincial offices.



April 23, 1973

Voluntary SSS coverage started for Filipino overseas workers.



July 1, 1974

Funeral benefits were offered to beneficiaries and Survivor's Pension was extended to legitimate children of SSS members.

January 1, 1978

Maternity benefits were given to qualified female members computed at 100% of their daily salary credit for 45 days.

September 1979

The "Mag-Impok sa Bangko Program" was launched.

January 1, 1980

Presidential Decree No. 1636 was implemented, which provided for, among others, compulsory SSS coverage of certain self-employed persons.

March 15, 1987

Condonation Program offered for penalties on delinquent housing loans.



September 1, 1988

Granting of two-month Salary Loans and opening of the Stock Investment Loan Program (SILP) for qualified SSS members.

December 1988

Granting of 13th month pension started for all SSS and EC pensioners.

May 1, 1990

Monthly supplemental pension was granted to SSS total disability pensioners, while Medicare benefits were given to SSS retirees and their dependents.

July 1991

Business Rehabilitation Program launched for small and medium enterprises affected by the Mt. Pinatubo eruption.

January 1, 1992

Coverage of farmers and fishermen under the self-employed program started.



September 1, 1992

Monthly supplemental allowance was granted to all SSS permanent partial disability pensioners; and the Members' Assistance Center (MAC) was opened in Diliman, Quezon City as a one-stop-shop to cater to all the needs of members.

April 23, 1992

Daily maternity benefits were increased from 45 days to 60 days for normal delivery or miscarriage and from 60 days to 78 days for caesarean delivery.

September 1, 1993

Coverage of Househelpers started. In 1993, the SSS also pursued a decentralization program and initiated the use of imaging technology in processing pension claims started.



January 1, 1994

The expanded imaging center, which now included salary loans processing, was inaugurated and the Automatic Debit Arrangement (ADA) and the Interactive Voice Response System (IVRS) were launched.

September 1, 1995

Coverage of Non-Working Spouse began and the Electronic Data Interchange (EDI) Net was launched.

January 1, 1996

The start of Expanded Self-Employed coverage. In 1996, computerization and decentralization were pursued with representative offices upgraded to full service branches. The program "Serbisyon WOW: Wasto, Nasara, Ora, World-class" was launched. The SSSNet was pilot tested.

May 1, 1997

The signing of Republic Act No. 8282, otherwise known as the "Social Security Act of 1997" amending the Social Security Law (Republic Act no. 1161).



Also in 1997, several service initiatives were launched: the SSS Biometrics ID, the SSS Electronic Clearance System, the SSS Information Kiosks, and the SSS Website. The SSS also established the Business Recovery Center to ensure continuous operations in the event of a calamity or natural/man-made disaster.

April 16, 1998

Medicare functions of SSS were transferred to PhilHealth (RA 7875). Also in 1998, the SSS ID Card Production Center was inaugurated.

January 1, 1999

In 1999, the first of five SSS Info Kiosks, was launched at the malls in Makati, Manila, Cebu and Davao. Also, the new ID card data capture station was brought to Hong Kong and Taiwan to enable OFWs to register and have their new SSS ID.

May 2000

A Direct Housing Loan Program for Trade Union members and OFWs was offered; and the retirement age of underground mine workers was lowered from 60 to 55 years old.



November 2000

The SSS Livelihood Trade Center at the East Triangle property was opened to encourage small and medium scale entrepreneurs to venture into business.

May 2001

The Flexifund Program for OFWs was offered. Also in 2001, the Covenant of Service (COS) Program, which is SSS' commitment to significantly reduce the processing time of member benefits, was launched.

April 2002

A Daily Remittance Scheme for members belonging to the informal sector was offered.

September 1, 2002

Various service initiatives were launched, such as: On-line Inquiry System, Text-SSS, Branch Telling System and Sickness, Maternity, and Employees' Compensation (SMEC) Payment Thru-the-Bank Program.

August 2003

The Special Financing Programs for Small Enterprises was opened to support the micro-business development program of the government.



September 2003

A Condonation Program was offered on penalties on delinquent Stock Investment and Privatization Fund loans.

April 2004

The Annual Confirmation of Pensioners (ACOP) Program was launched to ensure that the right pension benefits are being paid to the right and qualified beneficiaries.

August 2004

A Condonation Program was offered on penalties on delinquent short-term member loans.

May 2006

The SSS joined the Unified Multi-Purpose Identification System (UMID) Project, which aims to streamline, harmonize and unify existing identification systems used by government agencies through the issuance of a common reference number (CRN).

September 30, 2006

A Condonation, Restructuring and Dacion-en-Pago Program for delinquent housing loans was offered.

September 1, 2007

The SSS celebrated its 50th Anniversary.

May 1, 2008

Condonation Program was opened for penalties on short-term loans.

May 25, 2009

A Single Employer Registration Process was started between SSS and PhilHealth.

June 2009

SSS Facebook page was created.



February 2010

Issuance of rules and regulations of the Social Security Condonation Law of 2009 for effective implementation of Republic Act 9903—"An Act Granting the Social Security System a one-time Authority to Condone Penalties on Unremitted or Delinquent Contributions by Employers."

May 2011

Implementation of the SSS Rationalized Structure.

February 2011

Cooperatives were accredited as SSS collecting agents of the SSS.

2011

SSS started production and distribution of the UMID Card for its members.

Launched the SSS YouTube Channel.

Started implementation of the Automated Records Management System



2012

SS launched the AlkanSSSya Program to cover informal sector workers.

The DILG-SSS partnership was started, to require all business permit applicants to submit SSS Certificate of Compliance.

2013

This year marked the launch of the KaltaSSS-Collect Program, Automated Telling System, and Kasambahay Unified Registration System.

2014

SSS rolled out the MuniSSSipyo-Collect Program with LGUs.

Opened the OFW Contact Service Unit (OFW-CSU).

Created the official SSS Twitter page.

2015

SSS launched the SSS P.E.S.O. Fund, a voluntary Provident Fund.

Offered the 1-800 toll free no. for local & international services.

Enhanced Text SSS & Text Blast launched.

SSS increased the Funeral Benefits from P20,000 to P40,000.

2016

Launching of the Simulated Retirement Benefit Calculator in the SSS Website.

January 2017

Effectivity of the P1,000 across-the-board pension increase.

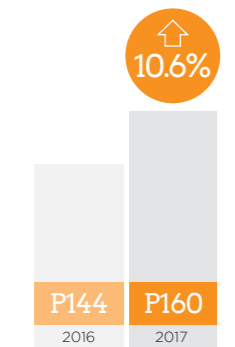


June 2017

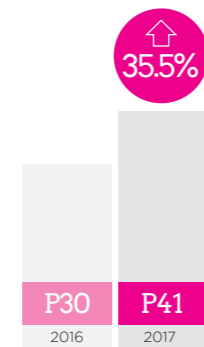
Reduction of retirement age for underground and surface miners from 55 to 50 years old (optional) and from 65 to 60 years old (technical).

PERFORMANCE HIGHLIGHTS & QUICK FACTS

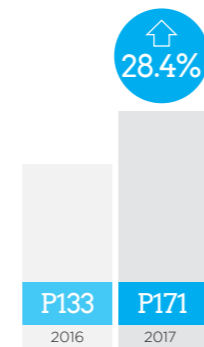
(Amounts in billion pesos)



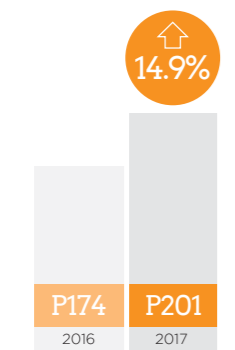
CONTRIBUTION COLLECTIONS



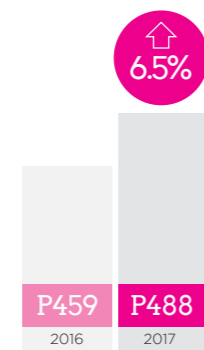
INVESTMENT & OTHER INCOME



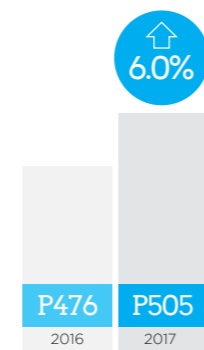
BENEFIT PAYMENTS



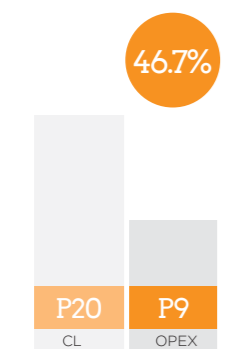
REVENUES



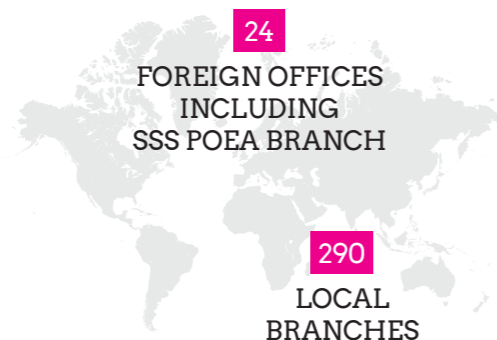
INVESTMENT LEVEL



ASSETS



% OPERATING EXPENSES (OPEX) TO CHARTER LIMIT (CL)



COMPARATIVE HIGHLIGHTS

(Amounts in million pesos)

CONSOLIDATED	For the year		Increase/(Decrease)	
	2017	2016	Amount	%
A. REVENUES & EXPENDITURES				
Revenues	200,501.72	174,461.12	26,040.60	14.9
Members' Contribution	159,724.02	144,364.88	15,359.14	10.6
Investment and Other Income	40,777.70	30,096.24	10,681.46	35.5
Expenditures	180,226.82	142,456.15	37,770.67	26.5
Benefit Payments	170,683.58	132,978.77	37,704.81	28.4
Operating Expenses	9,543.24	9,477.38	65.86	0.7
Net Revenue/(Loss)	20,274.90	32,004.97	(11,730.07)	(36.7)
B. ASSETS & RESERVES				
Assets	504,865.48	476,396.48	28,469.00	6.0
Investments	460,812.23	440,077.07	20,735.16	4.7
Property and Equipment	4,653.28	4,767.87	(114.59)	(2.4)
Others	39,399.97	31,551.54	7,848.43	24.9
Liabilities	12,778.04	11,976.34	801.70	6.7
Reserves	492,087.44	464,420.15	27,667.29	6.0
SOCIAL SECURITY FUND*				
A. REVENUES & EXPENDITURES				
Revenues	196,287.05	170,969.02	25,318.03	14.8
Contributions	157,616.53	142,451.26	15,165.27	10.6
Investment and Other Income	38,670.52	28,517.76	10,152.76	35.6
Expenditures	179,013.10	141,283.33	37,729.77	26.7
Benefit Payments	169,533.61	131,883.67	37,649.94	28.5
Operating Expenses	9,479.49	9,399.66	79.83	0.8
Net Revenue/(Loss)	17,273.95	29,685.69	(12,411.74)	(41.8)
B. ASSETS & RESERVES				
Assets	467,248.56	441,833.48	25,415.08	5.8
Investments	426,252.60	406,396.76	19,855.84	4.9
Property and Equipment	4,653.28	4,767.88	(114.60)	(2.4)
Others	36,342.68	30,668.84	5,673.84	18.5
Liabilities	12,777.66	11,963.97	813.69	6.8
Reserves	454,470.90	429,869.51	24,601.39	5.7
EMPLOYEES' COMPENSATION AND STATE INSURANCE FUND				
A. REVENUES & EXPENDITURES				
Revenues	4,214.67	3,492.11	722.56	20.7
Members' Contribution	2,107.49	1,913.62	193.87	10.1
Investment and Other Income	2,107.18	1,578.49	528.69	33.5
Expenditures	1,213.72	1,172.82	40.90	3.5
Benefit Payments	1,149.97	1,095.11	54.86	5.0
Operating Expenses	63.75	77.71	(13.96)	(18.0)
Net Revenue/(Loss)	3,000.95	2,319.29	681.66	29.4
B. ASSETS & RESERVES				
Assets	37,616.92	34,563.00	3,053.92	8.8
Investments	34,559.63	33,680.30	879.33	2.6
Others	3,057.29	882.70	2,174.59	246.4
Liabilities	0.38	12.37	(11.99)	(96.9)
Reserves	37,616.54	34,550.64	3,065.90	8.9

* Includes Mortgagor's Insurance Account, Flexi and PESO Funds

MESSAGE FROM THE PHILIPPINE PRESIDENT



Malacañan Palace
Manila

MESSAGE

My warmest greetings to the **Social Security System (SSS)** on the publication of its **2017 Annual Report**.

For more than six decades, SSS has made it possible for hardworking Filipinos to dream big and aspire for better lives. By helping its members cope with contingencies such as sickness, disability, childbirth, old age and death, the system has provided a more secure financial future for its beneficiaries and their families.

I laud the agency for its earnest efforts in going after employers who neglect the responsibility of remitting contributions in behalf of their employees. Its commendable efforts to collect over one billion pesos in delinquencies through various legal means is proof of the dedication of the men and women of the SSS to ensure the welfare of our workers.

May last year's accomplishments inspire us to look forward to a stronger, more resilient and financially viable SSS that is capable of providing adequate and equitable social protection to its 36 million members worldwide. Together, let us improve the lives of our people so they may realize their true potential as the catalyst for our collective growth as a nation.

I wish you all the best.

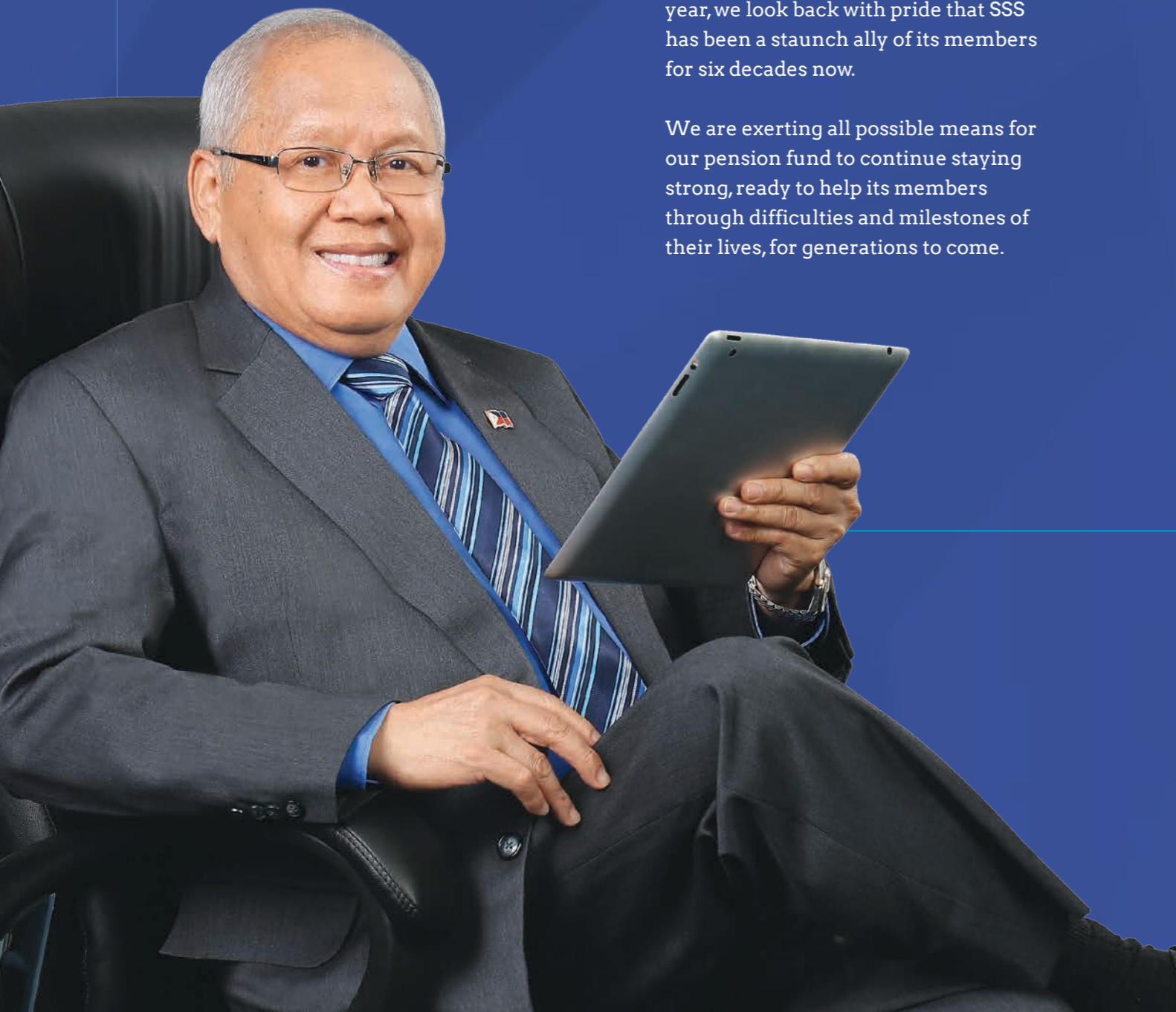
A handwritten signature in black ink, appearing to read 'Rodrigo R. Duterte'.

● **RODRIGO R. DUTERTE**
President
Republic of the Philippines

MANILA
May 2018

● MESSAGE OF SSS PRESIDENT & CEO

Our commitment is service — nothing less.



“SSS is Social Security System to all Filipinos. To all of us working in SSS, it means ‘Sobra Sobraang Serbisyo!’ SSS is Service! Service! Service!”

During the 60th Anniversary celebration held on September 6, 2017, I opened the event with those words. Today, as it has been for the past 60 years, nothing has changed. Service remains to be our commitment. It remains to be our article of faith.

As we celebrate another milestone year, we look back with pride that SSS has been a staunch ally of its members for six decades now.

We are exerting all possible means for our pension fund to continue staying strong, ready to help its members through difficulties and milestones of their lives, for generations to come.

MISSION ACCOMPLISHED!

In 2017, amidst the major challenges that rocked our institution, we fulfilled our mission to provide meaningful protection against the hazards of contingencies for all members and their beneficiaries. A total of 3.4 million individuals received benefits amounting to about ₱170.7 billion. Those are good growth rates at 12% and 28%, respectively, compared to the previous year. As in past years, Retirement benefit received the lion’s share in benefits disbursement.

Related to Retirement benefits, we have revised the retirement ages of both underground and surface mineworkers, to allow them to enjoy the fruits of their labor earlier.

Loans are privileges that our members can turn to in times of unforeseen contingencies. Though only 5% of our members availed themselves of

loans in 2017, the total amount disbursed reached ₱34 billion. The 10% growth compared to previous year is partly attributable to the creation of the Calamity Loan Assistance Program (CLAP), which is a new and separate loan window from the regular salary loan. We want to ensure that we have extended all assistance to our affected members in the disaster-stricken and armed-conflict areas. CLAP hopes to help members as they start to rise and rebuild their lives after their catastrophic experience.

And lastly, a total of about 2.3 million pensioners enjoyed an average of ₱4,331 monthly pension in 2017. We truly appreciate our pensioners and their dedication to SSS. They have spent many years working to provide for the needs of their families and to be able to contribute to SSS. Now, it is high time we give back and take care of them.

BENEFITS FROM SOCIAL SECURITY AND EMPLOYEES’ COMPENSATION

	No. of Members & Beneficiaries		Growth	PhP Released (in Millions)		Growth
	2016	2017		2016	2017	
Sickness	413,824	449,888	9%	2,267	2,538	12%
Maternity	251,476	289,763	15%	5,289	6,112	16%
Retirement	1,300,234	1,428,852	10%	78,106	98,857	27%
Disability	117,976	130,656	11%	4,514	6,228	38%
Medical Services/Rehabilitation	2,391	2,680	12%	15	14	-7%
Death	811,266	966,737	19%	39,205	53,146	36%
Funeral	163,589	170,358	4%	3,583	3,789	6%
Total	3,060,756	3,438,934	12%	132,979	170,684	28%

“SSS is Social Security System to all Filipinos. To all of us working in SSS, it means ‘Sobra Sobraang Serbisyo!’ SSS is Service! Service! Service!”

SSS @ 60

SSS today is a much improved version of SSS from 60 years ago. Disbursement of the pension fund grew nearly 20 million times from the ₱80,000 in benefits paid in its first year of operations in 1957, to the ₱1.45 trillion disbursed at just the end of the first semester of 2017. We have definitely come a long way. There is no other financial institution in the Philippines offering a wide-range of financial products and services that can impact as many lives as we already have, and continue to do so even more. We never cease to challenge our capabilities to be true to our calling in the service of the Filipino worker.

Investments + Contributions = Stronger Pension Fund.

Our income from contributions and investment has always been the strong pillar and source of benefits for members. Investment and other income surged to ₱40.8 billion amidst the fair value gain in some of the SSS investment property and the implementation of the Loan Restructuring Program (LRP). Income from Government Securities grew by 11.5%, reaching ₱12 billion, largely due to additional purchases with better average yield-to-date maturity compared to previous year. Our assets reached the half-a-trillion peso mark, despite the implementation of the ₱1,000 across-the-board pension increase during the year. While this move largely depleted the funds of SSS, with added disbursement of ₱33.5 billion, it nevertheless benefited and improved the lives of about 2.3 million SSS pensioners.



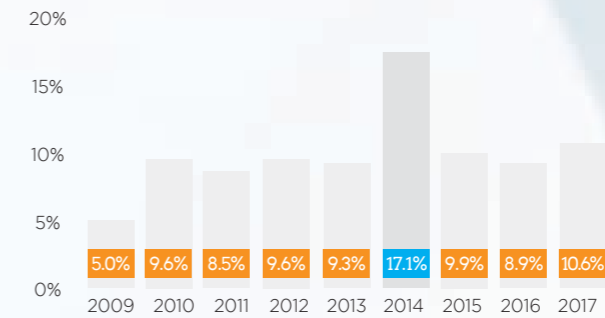
This pension increase, however, was neutralized by the intensified efforts towards improving the contribution collection. We launched “Operation Tokhang” – patterned after the government’s program against illegal drugs – to go after the convicted employers by serving warrants of arrest, with the help of the Philippine National Police. The Run Against Contribution Evaders (RACE) campaign, on the other hand, was patterned after the Run After Tax Evaders (RATE) program of the Bureau of Internal Revenue (BIR). It is a show of force of SSS in a public place to address SSS coverage-related concerns, instill awareness on employers’ obligations, and facilitate the apprehension or filing of cases against employers for violation of Republic Act 8282 or the Social Security Law. This is part of our unrelenting efforts to send a strong message that the present administration is determined to pursue its mandate of providing adequate, universal, and sustainable social security protection to our people.

This fervor is equally matched with our presence in legislative bodies of government, where amendments to the SSS Charter related to penalties and other provisions are being crafted, with SSS management’s attendance to eight (8) public hearings and technical working group meetings in 2017.

An effective way of improving contribution collection is by increasing the number of SSS members. We targeted a good number of professional and non-professional groups in 2017. We signed a Memorandum of Agreement with the Integrated Bar of the Philippines (IBP) to cover about 6,000 self-employed lawyers, as well as with the Katipunan ng mga Artistang Pilipino sa Pelikula at Telebisyon (KAPPT) with its approximately 1,600 movie and television industry workers.



ANNUAL GROWTH RATES IN CONTRIBUTIONS: 2009 -2017



We have also forged agreements with national government agencies and local government units (LGU) for self-employed coverage of job order and contractual hires excluded from the pension scheme for government employees. Meanwhile, for the most vulnerable sector of our society, the Informal Sector Group, the AlkanSSSyas program is in place to ensure their social security coverage. Worth mentioning is the support of the Parañaque LGU, under the leadership of Mayor Edwin L. Olivarez, to the AlkanSSSyas program. He pledged to shoulder the fabrication cost of the new 980 members of ten (10) Tricycle Operators and Drivers Associations (TODA) will pay their contributions regularly. I highly encourage other LGUs to share this advocacy of providing meaningful social security protection to working Filipinos in their respective jurisdictions.

The result of all these combined efforts: contribution collections of ₱159.7 billion, with a growth rate of 10.6% compared to the previous year.

“Build, Build, Build” the SSS Way. Just as we are fully supportive of the “Build, Build, Build” infrastructure program of President Rodrigo Duterte to maintain our country’s healthy economic performance, we here at SSS are doing our own version of the program. With the growing number of SSS members, we are cognizant of the public’s clamor for faster and more efficient delivery of services. Hence, we increased our presence in high growth rate areas by opening three (3) new branches, 16 new service offices, five (5) physical examination centers; renovating five (5) branches; and relocating 14 existing ones. As of end-December 2017, we have a total of 290 local offices and 24 foreign offices serving our members. One of the newly-opened foreign office is in Calgary that will cater to the SSS needs of around 40% of about 660,000 Filipinos based in Canada.

These established SSS offices, manned by well-trained employees, are only as effective and efficient as the systems and processes that power them. Hence, SSS never stops looking for ways to streamline procedures, without compromising the integrity and security of the whole operations, thus, preventing fraudulent claims.



Embracing the Digital Age.

SSS is gradually moving towards paperless transactions, which is more convenient for our members and less costly for us. For example, using the Bayad Center Module, a web-based payment collection facility, transacting employers are no longer required to fill out payment forms in paper since the contribution statement of account is presented upon payment of employees and employer contributions in selected Bayad Center branches. With the additional payment options, employers are expected to fulfil their obligations of remitting the SSS payments on time to avoid penalties and violations.

We prioritized the automation of systems to speed up the processing of benefit claims, loans, and other member transactions. Doing direct transfer of funds for loans and benefit proceeds to their bank accounts is a lot easier, safer and faster. Using the Unionbank Quick Card and Citibank Cash Cards, our member-borrowers may now withdraw their social security benefits at their own convenience. It also eliminated the cost of printing and mailing of checks, as well as possible delays due to delivery time and lost checks. This only proves that SSS is serious in finding innovative ways to improve service delivery for members' greater convenience.

The laying of the groundwork for the electronic Collection System or e-CS has also started. This is the real-time posting of contribution payments from SSS branch tellering facilities and other payment channels. Since about 66% of our contribution collections are remitted through payment channels aside from our tellering facilities, we made sure that our collection partners, including all commercial and universal banks, are in sync with our system to implement Real-Time Processing of Contributions (RTPC) in early 2018.

In fulfilment of our duty to bring better quality services to our pensioners, we have revised the rules of the Annual Confirmation of Pensioners Program (ACOP), so that retiree pensioners who are living in the Philippines are no longer required to report yearly to SSS to ensure the continuous payment of their monthly pension. Moreover, conduct of home visit by SSS personnel shall be made for pensioners who are 85 years old and above, as well as for total disability pensioners with particular illnesses such as total blindness, amputation of two (2) or more extremities, Parkinson's, and persistent paraplegia/paraparesis, whose compliance is through representative or via mail.

Enhancing Communication with Stakeholders.

The Digital Age paved the way for virtual communication. This is advantageous for us in reaching members who cannot physically go to our branch offices. In 2017, about 230 promotional materials such as infographics, press releases and advisories were disseminated through our social media sites (Facebook, Twitter and YouTube) as well as the official website (www.sss.gov.ph).

For a more thorough discussion on the different benefit programs and services of SSS, members and employers attended in-depth seminars organized by the Member Education Department. The two-way process of communication was preserved through Stakeholder Dialogues conducted by the Public Affairs and Special Events Division, through which we received feedback and suggestions from employer and labor sector representatives alike.

STRONGER PARTNERSHIPS, BETTER SERVICES.

The employers and other partner institutions of SSS play an important role in furthering the vision and mission of SSS. It is but right for us to celebrate our 60th Anniversary by giving our top partners due recognition during the 2017 Balikat ng Bayan (BNB) Program. Our responsibility to private sector workers is a huge task and every bit of support from employers and partner institutions – such as collecting and paying banks and other financial institutions, media companies and personalities, cooperatives and non-government organizations – truly goes a long way.

We also partnered with other government agencies like the Civil Service Commission (CSC) and the Governance Commission for GOCCs (GCG) to keep the pension fund afloat amidst the low-growth environment of the market through management activities that conscientiously comply with the discharge of our fiduciary responsibilities.

Finally, our partners in the Philippine Embassies, Consulates, and Overseas Labor Offices generously shared their office space for our operations in top destination countries. This has given us major savings so we can direct our budget to where it is needed most - the needs of our members.

MISSION POSSIBLE!

For the past 60 years, we made the commitment to service, kept it and continued to uphold it. Our mission may be daunting but we are not alone. We have the support of our members, the employers and various partner agents whether in government or in the private sector. We have to make sure that funds are available for every member, regardless if they are actively paying or not, because membership to the pension fund does not lapse. They have worked hard all their lives and contributed greatly to the success we are now experiencing. Let us not disappoint them.

As we pass the baton to our successors in the next few years, decade or 60 more years, may they look back to this period with great honor and pride for what we have accomplished.

“As I close my Message during this 60th Anniversary Celebration, may this time truly be our defining moment – that we have made SSS the ‘Bastion of Social Security’ and the ‘Bulwark of Social Justice’ as we envisioned it to be.”


EMMANUEL F. DOOC
 President and Chief Executive Officer

2017 IN REVIEW

JANUARY

SSS PCEO Emmanuel F. Doooc (left photo, middle), together with SSS Chief Actuary SVP George Ongkeko and SSS Investments Sector EVP Rizaldy T. Capulong (1st and 3rd), answered the pension hike-related queries of business executives and corporate officers who attended the 25th Members' General Meeting (MGM) of the Employers Confederation of the Philippines (ECOP) on January 19 at St. Luke's Global City in Taguig. Right photo shows the state-run pension fund head holding the tokens of appreciation that were handed to him by ECOP Chairman Edgardo G. Lacson (rightmost) for being the event's resource speaker on the latest updates in SSS pension increase.



"While the ₱1,000 increase in SSS pensions effective January 2017 will be fully financed by current contributions and investment income, the SSS is still under pressure to look for other and more lucrative investment opportunities to increase income, grow the social security fund, and to keep operating costs at a bare minimum," Social Security Commission (SSC) Chairman Dean Amado Valdez explained to members of Rotary Club of Manila during its meeting on January 19 at the Manila Polo Club, Makati City. Chairman Valdez and PCEO Doooc were indefatigable SSS spokespersons who relayed before various stakeholder groups the need for amendments to the SSS Charter to ensure the fund's long-term financial viability.



Graduating students of Centro Escolar University (CEU) flocked to the SSS booth during the university's Job and Career Fair held on January 27 at the Student Activity Center of CEU Manila Campus. Services offered include issuance of SS numbers, online verification of contributions, screening and receiving of loans and benefits applications, attending to queries on benefits and privileges as well as distribution of forms and information materials. Close to 400 students applied for SS number during the one-day event. Eighteen (18) other campus-based job fairs were participated in by the SSS as part of its information coverage efforts in 2017.

FEBRUARY

SSC Chairman Amado D. Valdez and SSS PCEO Emmanuel F. Doooc (left photo, 3rd to 4th from left), together with (from left) SVP Voltaire P. Agas, Commissioner Gonzalo T. Duque, Chief Actuary George S. Ongkeko, Jr., and VP Marissu G. Bugante responded to the various concerns of the attendees of the 23rd Quarterly Dialogue with Labor Leaders held on February 17 at the SSS Gallery in Diliman, Quezon City. Issues raised by the labor groups (right photo) were mainly about the ₱1,000 hike in SSS pension, SSS membership, efficiency in contribution collection amid rampant contractualization, as well as proposals to raise the salary bracket for seafarers and the possibility of designating SSS deputies all throughout the country. Among the labor groups present were the Construction Workers Solidarity, Apostleship of the Sea, Federation of Free Workers, National Federation of Labor Unions, Trade Union Congress of the Philippines-AWATU, Katipunan, and Sentro, to name a few. Another regional labor dialogue was held in San Nicolas, Ilocos Norte on October 20.



The SSS set-up an information center and offered its social security services to thousands of job seekers at the Department of Labor and Employment-National Capital Region (DOLE-NCR) Job Fair last February 24 at San Andres Sports Complex in Malate, Manila. In 2017, the SSS participated in seven (7) more government-based job fairs, namely: DOLE-NCR Labor Day Job Fair in Manila, Commission on Audit Job Fair in Quezon City, Philippine Retailers Association Career Expo in Trinoma Mall, PESO Valenzuela Independence

Day Job Fair in Dalandanan, Boad of Investments @ 50 Job Fair in Pasay, PESO Valenzuela Mega Job Fair at the City Astrodome, and Makati-PESO's 2nd Mega Job Fair in Makati; as well as in two (2) other job fairs initiated by private multi-specialty hospital Metropolitan Medical Center and HR solutions company JobQuest.ph. In addition, the SSS also partnered with various media organizations for the conduct of similar events such as the Serbisyong Kapuso Caravan ng Artist Center, ABS-CBN Kapamilya Services, ABS-CBN Grand Kapamilya Day, DZMM Kapamilya Day, DZBB Trabaho Negosyo Fair, Philippine Daily Inquirer Career Expo, three (3) RGMA Trabaho Negosyo Fairs, and two (2) Manila Bulletin Classifieds Job Fairs.

MARCH



On March 22, the SSS Makati-Gil Puyat Branch signed a KaltaSSS-Collect Memorandum of Agreement (MOA) with the National Maritime Polytechnic (NMP), a government-owned maritime training center, for the coverage of their job order and contractual workers. The MOA provides social security protection for NMP workers who are now covered as self-employed members of SSS and whose contributions will be deducted from their salaries and remitted to SSS by the training center administration. SSS branches throughout the country sought out partnerships with local government units and national government agencies to cover their job order and contractual workers under the KaltaSSS-Collect Program so that these workers get adequate social protection despite not being covered under the Government Service Insurance System (GSIS).

March 17 saw the formal opening of the full-service SSS Ilagan Branch that caters to nearly 2,000 registered employers and more than 17,000 members and pensioners in over 295 barangays. Photo shows SSS PCEO Emmanuel F. Doooc and SSC Chairman Amado D. Valdez (front row, 2nd to 3rd from left) leading the ribbon cutting ceremony at the North Star Mall in Alibagu, Ilagan City. Joining them were (front row, from left) mall owner Mr. Alexander Cruz, and Commissioners Silvestre H. Bello III, Gonzalo F. Duque, and Michael G. Regino. In 2017, six (6) other branches were inaugurated namely, SSS Roxas, SSS Daet, SSS Reina Regente, SSS Cubao, SSS Fairview, and SSS Cainta. In addition, four (4) more branches namely, SSS Novaliches, SSS Masbate, SSS Tacloban, and SSS Cauayan were relocated. As of December 2017, the SSS has a total of 290 local offices.



The SSS, through its Health Care Department (HCD) and in partnership with the Philippine Drug Enforcement Agency (PDEA), conducted a Drug Awareness Lecture in support of the government's anti-illegal drugs campaign. Held on March 17 at the SSS Ramon Magsaysay Hall, the event featured as speaker Mr. Patrick Madayag (left photo), PDEA's Information Officer for Preventive Education and Community Service. Right photo shows (from right) ACCESS President Amorsolo L. Competente, Atty. Cecilia Cuevas Torrijos of the SSS Governance and Administrative Adjudication Department, and HCD DM III Dra. Victoria U. Poquiz, three of the five members of the SSS Drug-Free Workplace Committee, together with HCD Medical Specialist II Dra. Anne Margaret Ramirez.



APRIL

The SSS invited members of the public, mainly from various labor and employer organizations, to give feedback on the proposed SSC Circular on the issuance of warrants of distraint, levy, and garnishment (WDLG). The draft circular, formally introduced on April 7 at the SSS Ramon Magsaysay Hall in Diliman, Quezon City, details the guidelines implementing Section 22 (b) of Republic Act 8282 or the Social Security Act of 1997, on the “collection of contributions by the SSS, in the same manner as taxes are made collectible under Republic Act No. 8424, as amended, otherwise known as National Internal Revenue Code (NIRC).” Photo shows Commissioner Gonzalo T. Duque, author and main proponent of WDLG, declaring the opening of the public consultation. Photo at right shows ECOP’s Atty. Antonio Abad, one of the consultation participants, delivering his feedback and suggestion regarding the draft guidelines of WDLG.



MAY

The SSS Makati-Guadalupe Branch received the Citizen’s Satisfaction Center Seal of Excellence Award (CSC-SEA) from the Civil Service Commission (CSC), following the fulfillment of their commitment to serve SSS members with integrity and perform to the best of their abilities. The CSC-SEA is given to government service offices that have “demonstrated exemplary frontline service delivery,” which is accomplished by obtaining an excellent rating in the Anti-Red Tape Act (ARTA) Report Card Survey and has no valid and unresolved ARTA-related complaint based on the Contact Center ng Bayan data. CSC Director II Claudia Abalos Tan (rightmost) awarded the recognition to SSS Guadalupe Branch Head Hoechst Potato (3rd from right) on May 8 following the flag ceremony at SSS Main Office in Quezon City. Also present were SSS PCEO Emmanuel F. Dooc (2nd from left), SVP Jose B. Bautista (leftmost), SVP Cynthia O. Barcelona (4th from right), and the employees of SSS Guadalupe. A glass plaque with the “Seal of Excellence” logo and a check reward of P25,000 to be used for further compliance with ARTA were conferred to SSS Makati-Guadalupe.



The SSS welcomed the Indonesian delegates from BPJS Ketenagakerjaan (Employees Social Security System) on May 17 to discuss the pension fund’s social security programs for migrant workers and to share best management practices and program implementation mechanisms of Philippine Social Security System for international operations. Photo shows SVP Judy Frances A. See (center) holding the token of appreciation given by the Indonesian delegation. The SSS also facilitated study tours for PT Taspen (Persero) from Indonesia and The People’s Republic of Bangladesh on July 18 and September 27, respectively.



The SSS showcased the talents of veteran actress Elizabeth Oropesa and artist Ariel Danga in the SSS Gallery’s 152nd art exhibit titled “First Impression” from May 19 to June 13. Leading the ribbon cutting ceremony on May 19 were (from right) VP Marissu G. Bugante, Department of Tourism Undersecretary Katherine De Castro, Mr. Danga, Ms. Oropesa, and guest actress Assunta de Rossi. Throughout 2017, the SSS housed four (4) other art exhibits featuring the masterpieces of the Biñan Art Group, Mr. Erick Dator, the FilArts Group, and the Kulay Group of Artists.

JUNE

The SSS signed a bilateral agreement for the coverage of all Filipino workers employed at the Embassy of Nigeria. Signing the agreement were SSS PCEO Emmanuel F. Dooc (third from left), Executive Director Stella Zipagan-Banawis for the Employees’ Compensation Commission (ECC), Charge D’Affaires Hannatu Dankaro-Irmiya (third from right) and Finance Attache Kayode R. Olajumoke (second from right) from the Embassy of Nigeria. Witnessing the signing ceremonies held last May 30 at the SSS office in Makati City were SSS Senior Vice President for International Operations Group Judy Frances See (leftmost) and SSS Makati Branch Head Ma. Rita Aguja (rightmost).



In commemoration of the 119th anniversary of the proclamation of Philippine Independence with the theme “Kalayaan 2017: Pagbabagong Sama-samang Balikatin,” the 100-strong SSS contingent joined other government agencies, local government units, and private sector groups in witnessing the Independence Day flag-raising and wreath-laying rites at the Rizal Monument, Rizal Park, Manila on June 12. Another highlight of the Independence Day celebration spearheaded by the National Historical Commission of the Philippines was the afternoon parade at the Quirino Grandstand.



In partnership with the Tanay municipal government, the SSS Tanay Branch and SSS NCR East/West Division conducted an information drive in the province of Rizal as part of its newly-launched Joint Operation for Social Security Enforcement (JOSSE) program. About 123 participants composed of barangay officials, tricycle operators and drivers association (TODA) officers, and market vendors attended the event held at Tanay Multi-Purpose Hall on June 22. In left photo (front row, from left) are VP Nelson P. Ibarra and Branch Head Edna Q. Aldea, together with division employees during the motorcade as part of the JOSSE program launching.



A number of employer representatives (right photo) attended the Stakeholder’s Forum conducted by SSS Iloilo at the Grand Xing Imperial Hotel in Barangay President Roxas, Iloilo City on June 27. Led by SSS PCEO Emmanuel F. Dooc (left photo, middle), the panelists namely (from left), OIC-VP Raul A. Casiano, SVP Voltaire P. Agas, SVP Helen C. Solito, and Branch Head Emilia B. Solinap, responded to the participants’ queries during the open forum. Throughout 2017, the institution conducted 10 other fora in Roxas City, Naga, Legazpi, Sorsogon, Tuguegarao and Appari in Cagayan, Baguio City, Daet City, Davao, and Zamboanga City.

June 10 saw the formal launching of the newest SSS Calgary office that will cater to the needs of OFW-members from Canada's western provinces. Located at the Philippine Consulate General building, SSS Calgary counts as the institution's second foreign representative office in Canada, which is among the top 10 destination countries for Filipinos. Leading the ribbon cutting ceremony were (front row, from left) SVP Judy Frances A. See, Commissioners Gonzalo T. Duque and Anita Bumpus-Quitain, and Calgary Consul General Julius D. Torres.



JULY

About 1,600 members of the Katipunan ng mga Artistang Pilipino sa Pelikula at Telebisyon (KAPPT), also known as the Actors Guild of the Philippines, are now formally covered under the SSS after the signing of a Memorandum of Agreement (MOA) between the two institutions, which was held on July 28 at the SSS Gallery in Diliman, Quezon City. The MOA compulsorily covers self-employed professionals, particularly television and movie actors and industry workers who are KAPPT members. Leading the MOA signing were (seated, from left) DM III Noel L. Coyupan, SVP Judy Frances A. See, SSS PCEO Emmanuel F. Dooc, SSC Chairman Amado D. Valdez, KAPPT President Imelda Papin, and KAPPT Board Members Anthony Castelo and Jeffrey Santos.



SSS Kabankalan branch, in partnership with the local government of Binalbagan, Negros Occidental, provided social security services to about 700 SSS members and the general public at the Binalbagan Covered Court from July 12 to 14. The mobile service included the issuance of social security numbers, membership registration, verification of contribution and loan records, acceptance of applications for Unified Multi-purpose Identification (UMID) card, issuance of SSS forms and information materials, compliance with Annual Confirmation of Pensioners (ACOP), and members' counseling. Photo at right shows employees of SSS Kabankalan, headed by Branch Head Josephine P. Sombilla (fifth from right), SSS Visayas West 1 Division OIC Lilani B. Benedian (fifth from left), with Binalbagan Mayor Emmanuel I. Aranda (middle) and municipal staff during the opening of the event.



AUGUST



Delegates from the 17 ASEAN Social Security Association (ASSA) member-institutions, including the SSS, attended the 34th ASSA Board Meeting and Conference hosted by the Social Security Office (SSO) Thailand last August 23-24 at Centara Hotel and Convention Centre in Udonthani, Thailand. One of the highlights of the said event was the ceremonial turnover of leadership between the outgoing ASSA Chairman Atty. Emmanuel F. Dooc (left) of the SSS and incoming Chairman Dr. Suradej Waleeittikul (right). The ASSA emblem was transferred to the Secretary General of the SSO Thailand, carrying with it the leadership of the ASSA until the next successor is identified.

OCTOBER



The SSS opened its first service office (SO) in Barangay 1, San Nicolas, Ilocos Norte to serve 1,719 employers and more than 33,000 self-employed and voluntary members from 12 municipalities in the province. Photo shows (from left) SVP Judy Frances A. See, SVP Dionisio R. Agdeppa, SSC Chairman Amado D. Valdez, Commissioner Anita B. Quitain, SVP Josie G. Magana, San Nicolas Mayor Alfredo P. Valdez Jr., and Commissioner Gonzalo T. Duque during the ribbon-cutting ceremony held last October 20 at Robinsons Place Ilocos. Apart from the SSS Robinsons Place Ilocos inauguration, the pension fund also opened SSS Guimaras SO and SSS Manna Mall SO in San Fernando, La Union in 2017, to name a few. As of December 2017, the SSS has 90 SOs nationwide.

NOVEMBER

On November 17, a partnership was forged between the SSS and the Showbiz Industry Alliance (SIA) to provide social security protection to various professionals in the entertainment industry. Through a Memorandum of Agreement (MOA) signing held at the SSS Gallery in Diliman, Quezon City, both agencies agreed to give full support to the compulsory coverage of all self-employed SIA members mainly composed of professional entertainers such as standup comedians, dancers, models, photographers, magicians, stage performers, and musicians. Leading the MOA signing were SSS PCEO Emmanuel F. Dooc, SSC Chairman Amado D. Valdez, and SIA President Imelda A. Papin (3rd to 5th from left), among other executives.



DECEMBER

The SSS and the Philippine National Police (PNP) signed a Memorandum of Understanding (MOU) on December 12 at Camp Crame, Quezon City for the joint implementation of Standardized Police Directional Signages that will promote a safe, secured, orderly, and peaceful community. Present during the MOU signing were (from left) SVP May Catherine C. Ciriaco, SSS PCEO Emmanuel F. Dooc, SSC Chairman Amado D. Valdez, PNP Chief Police Director General Ronald M. Dela Rosa, PDir. Noel G. Constantino, and PSupt. Rhodel O. Sermonia.



FULFILLING THE PROMISE OF RELIABLE AND RELEVANT PENSIONS

Pensioners, during their most productive years at work, were once considered as pillars of the state-run pension fund. They were once the life blood of the Social Security System (SSS) as part of their incomes were remitted to the agency for their monthly contributions. These contributions, in return, were used for benefit disbursements and for investment facilities to grow the Social Security Fund such that when members reach retirement, the SSS is ready to give back what is due them.

From 1980 to 2014, the pension fund has already given 22 pension increases. In January 2017, an additional ₱1,000 monthly benefit was granted to more than 2.3 million pensioners of SSS.

The additional benefit for pensioners was a promise made by President Rodrigo Duterte during the presidential campaign in 2016. Early on, the pensioners were disappointed with the veto of then President Benigno Aquino III of House Bill No. 5842, which proposed to increase the monthly pension of SSS by ₱2,000.

Come June 30, 2016, the Republic of the Philippines welcomed its 16th President, Rodrigo Roa Duterte. From that time on, SSS presented several options to the Department of Finance and to the Office of the President to support the grant of the pension increase but still ensuring the viability of the pension fund.

After vigorous discussions, President Duterte announced the fulfilment of his campaign promise to improve the quality of lives of pensioners from the private sector, including their survivors.

In a memorandum from the Office of the President signed by Executive Secretary Salvador Medialdea on February 22, the proposed increase in the benefits of qualified pensioners and beneficiaries of SSS was approved. Although signed in February, the effectivity of the additional benefit was January 2017.

The approval from the Office of the President made way for the disbursement of ₱8.43 billion worth of pension to about 2.3 million pensioners for the ₱1,000 increase in monthly pensions from January to March 2017.

The additional ₱1,000 benefit for pensioners for the months of January, February, and March was received by the pensioners on March 3, 10, and 17, respectively, while pensions under the Special Pension System and pension resumption from January to March 2017 for those who failed to comply with the Annual Confirmation of Pensioners (ACOP) received their additional pension on March 29. By April 2017, the additional pension benefit had already been incorporated in the qualified pensioners' regular monthly pensions.

Pensioners who opted to receive 18 months advance pension and pensioners with initial death, disability and retirement (DDR) claims received their additional benefit on May 12.

Overall, the SSS released more than ₱134 billion for pension disbursement in 2017 for about 2.3 million pensioners as of the end-December 2017. Of the total amount released, nearly ₱33 billion were allotted for the additional pension benefit in its first year of implementation. It is expected to increase further with 200,000 projected new retirees every year.

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200,000
PROJECTED NEW
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₱33B
RELEASED TO
COVER THE ₱1000
PENSION INCREASE
IN 2017



SSS RACE: A MORE AGGRESSIVE CAMPAIGN FOR EMPLOYER COMPLIANCE

700
RETAIL STORES
INSPECTED ON THE
FIRST RACE
CAMPAIGN



300
DELINQUENT
EMPLOYERS
TRACKED
DOWN

In total, SSS was able to track down more than 300 delinquent employers from its RACE campaigns in 2017.

Increasing contribution collections annually is a constant challenge for the Social Security System (SSS), more so running after delinquent employers who blatantly disregard their obligations under Republic Act 8282, otherwise known as Social Security Act of 1997. Under the said law, employers are required to register to the pension fund their employees within 30 days from their first day of employment and to pay their and their employees' monthly contributions thereafter.

Out of the more than 36 million current SSS members, 72% or around 26 million is composed of employees from the private sector. However, not all contributions from these covered employees are being paid regularly by their employers, and not all employees in the private sector are being reported for SSS coverage.

Almost every day, SSS receives complaints from employees for non-remittance/under-remittance of their monthly contributions and non-reporting/under-reporting for SSS coverage by their employers. Due to these unscrupulous practices, employee-members are deprived of SSS benefits, including salary loan privileges.

Committed to protect its members, the SSS under the new Social Security Commission has become more aggressive in monitoring employer compliance by implementing the Run After Contribution Evaders (RACE) campaign to collect delinquencies and enforce compliance.

Launched in 2017, RACE has two features: first is the posting of a Show Cause Order on the premises of establishments that are found to be non-compliant to the SS Law. Second is causing the arrest of delinquent employers who have been convicted by the local courts.

The Show Cause Order is a reminder to employers of their responsibilities under the SS Law. This is posted on establishments which, based on SSS records, are not registered or have not reported their employees for SSS coverage, have been intermittently paying, or not paying SSS contributions at all.

Owners of establishments where a Show Cause Order was posted must reply within a non-extendible period of 15 days from posting, otherwise, legal actions will be taken against them.

Before a RACE campaign is conducted in a particular locality, the SSS branches that have jurisdiction over it performs a coverage mapping to check which among the establishments will be subjected to RACE operations.

The first RACE campaign was conducted among almost 700 retail stores at the Greenhills Shopping Center in San Juan City on April 20, 2017. Out of this number, 248 or 42% were found unregistered with SSS, while 40 were found to be delinquent in their payments. Among the delinquent employers, six (6) were served with billing letters, 23 with demand letters, and the remaining nine (9) were forwarded to the SSS Operations Legal Division for appropriate action. Meanwhile, two (2) employers chose an out-of-court settlement.

Five months after the success of the first RACE campaign, the SSS conducted another among more than 450 retail stores at the Farmers Plaza Mall in Quezon City. Out of this number, 70 are under the SSS Large Accounts Division while the remaining 384 are being handled by SSS branches. From the number of retail stores under the SSS branches, 37 were found intermittently paying, eight were non-paying, 29 were non-registrants, six (6) had no employees, and the remaining 231 refused to be interviewed by SSS field officers.

In total, SSS was able to track down more than 300 delinquent employers from its RACE campaigns in 2017. Out of this number, nearly 30 employers either registered with SSS or paid their outstanding obligations either in full or installment basis. Further, SSS was able to collect more than ₱760,000 and expects to collect more as it is set to conduct RACE campaigns in other regions in 2018.

SSS LOAN RESTRUCTURING PROGRAM: ANOTHER CHANCE TO CLEAR ACCOUNTS AND GAIN RELIEF

Financial contingencies due to natural and man-made calamities make it difficult for members of the Social Security System (SSS) to pay their outstanding loans. Hence, the SSS developed a special program that would provide member-borrowers an opportunity to settle their loan delinquencies in affordable and flexible payment terms.

The Loan Restructuring Program (LRP) was implemented from April 28, 2016 to April 27, 2017. Under this special condonation program, the sum of principal and accrued interest of all past-due short-term loans is consolidated into one restructured loan. The member can then pay off his/her loan delinquencies in full within 30 days from the approval date of the LRP application, or through installment basis over a period of up to five years, at a minimal interest rate of 3% per annum. Upon full payment of the restructured loan, all loan penalties will be waived, thus, providing financial relief to the member-borrower.

Special conditions have also been included in the LRP guidelines that aim to instill better financial discipline among member-borrowers. First, the penalties shall be condoned only after full payment of the restructured loan within its approved term, otherwise, the unpaid principal and condonable penalty shall be due and demandable and shall be charged a 10% interest rate per annum until fully paid. Second, members who availed themselves of this LRP shall no longer be allowed to apply for any future loan condonation programs that SSS may offer. And third, members may avail of other SSS short-term loan programs only after six (6) months from the date of full payment of the restructured loan.

A Closer Look: LRP Availment

A total of 856,437 members availed themselves of the LRP, with total restructured loan principal and interest amounting to ₱13.8 billion. The pension fund has successfully collected ₱5.8 billion in loan payments from the one-year availment period.

More than 60% of the LRP availed members were employed-members, numbering over 500,000, followed by voluntary members at more than 200,000, Overseas Filipino Workers (OFWs)-availees totaled over 47,000, self-employed members at nearly 38,000, household helpers at more than 2,800, and one (1) non-working spouse-availee.

In terms of geographical location, the largest percentage of LRP availed members were from National Capital Region (NCR) with almost 378,000 members, followed by Luzon with nearly 249,000 members, Visayas with more than 102,000 members, Mindanao with over 95,000 members, and overseas with more than 27,000 members.

Highest number of employees, voluntary members and household helpers who availed of the LRP were recorded in NCR, while Luzon area had the highest number of self-employed members who availed of the program.

Payment Terms and Collections

Almost 70% of the member-borrowers availed of the installment payment terms while the rest paid their outstanding loan principal and interest in full. More than half of the members who availed of the installment payment term committed to pay their loan delinquencies within 12 to 24 months.

The SSS recorded the highest LRP collection from employed-members amounting to ₱5.14 billion, followed by voluntary members with ₱2.27 billion in collections, ₱628.37 million collected from OFWs, ₱285.97 million came from self-employed members, and the lone non-working spouse paid ₱6,546.20.



LRP AVAILMENT, BY PAYMENT TERMS

Payment Terms	Number of Availed
A. FULL PAYMENT	
Non-DDR	158,169
DDR*	99,245
TOTAL	257,414
B. INSTALLMENT BASIS	
12 months	288,169
24 months	217,962
36 months	65,763
48 months	9,293
60 months	14,662
Others	3,174
TOTAL	599,023

*Death, Disability, Retirement

LRP LEADS TO MEMBER'S FULL RETIREMENT PENSION

Thousands of SSS members can attest to the benefits of availing the Loan Restructuring Program with penalty condonation. One of them is Lolo Proceso "Jun" C. Limen Jr. from Castillejos, Zambales.

Lolo Jun has been an SSS member since 1975. He applied for a salary loan and calamity loan in 1989 and 1991, respectively. However, he failed to pay back both loans.

Twenty-three (23) years after his availment of SSS loan privileges, Lolo Jun was set to file his retirement claim. However, he discovered that his unpaid principal loan amount of ₱5,750 had already ballooned to ₱53,471.10 due to interest and penalties accumulated in more than two decades.

In March 2017, Lolo Jun applied for penalty condonation under the LRP.

"Buti na lang, binalitaan ako ng manugang ko tungkol sa Loan Restructuring ng SSS. Malaking halaga rin ang naibawas sa babayaran kong utang, 'tsaka wala nang ikakaltas sa pensiyon na matatanggap ko," he said.

From a total loan balance of more than ₱53,000, he only paid the loan principal and interest of around ₱16,000, as the total penalty amounting to more than ₱37,000 was already condoned.

Upon full payment of his loan obligation, Lolo Jun immediately filed his retirement application and even received his advance 18th month pension worth more than ₱39,000 in May 2017. He is now regularly receiving his monthly pension.

"Salamat sa SSS at naisip nilang ipatupad itong LRP. At least, nae-enjoy ko na ngayon nang buo ang pensiyon ko!" Lolo Jun enthused.



BIGGER AND MORE SSS OFFICES STILL GENERATE SAVINGS

The branch network expansion of the Social Security System (SSS) continued in 2017 as it opened three (3) new branch offices (BOs), relocated 14 existing BOs, and inaugurated 16 new service offices (SOs) throughout the year.

Along with membership growth is the pension fund's strong commitment to providing accessible, convenient, and reliable services to all members and their beneficiaries. Accessibility is the top criterion in selecting locations for new SSS branches as a way of bringing its services closer to transacting members. Thus, most of the new BOs and SOs are located either along major thoroughfares or within central business districts and shopping malls where public transportation is readily available.

With the increasing volume of transactions, the SSS also saw the importance of upgrading its offices not only to improve their employees' physical working conditions, but also to create additional facilities for their clients such as members' assistance desks, tellering services, breastfeeding stations, and physical-medical examination centers. This is also in compliance with the ARTA or Anti-Red Tape Act provisions.

An evident trend in the establishment of SSS offices in 2017 is the move towards those based in commercial malls. Whereas before, when malls provided only a counter or kiosk space for SSS transactions, the recent years have seen malls offering 15, 30 to over 50 square-meters of their valuable floor space for the establishment of an SSS SO.

Leading these commercial real estate firms with which the SSS has partnered is Robinsons Land Corporation, the first mall to offer rent-free spaces to front-line government agencies through its Lingkod Pinoy Center. Also included are Puregold Price Club, Inc., SM Prime Holdings, Inc., NE Pacific Shopping Centers Corporation, CityMall Commercial Centers, Inc., Megaworld Corporation, Star Mall, Gaisano Mall, and others.

Most of these establishments offer their spaces rent-free on the first year or at a heavily-discounted rate to SSS for the next few years, while others even provide the renovation or airconditioning works for free. Such generosity from these malls can be traced to their realization of the tremendous amount of "foot traffic" that government agencies generate through their transacting clients. For example, hundreds of members transact daily at SSS SOs in Robinsons Malls. While waiting for their turn at the SSS counter or even after their transactions, these members can then visit other areas of the mall for shopping errands.

All these developments have translated to significant savings for the SSS. In 2017, some P20.49 million in savings were generated through the first-year rent-free arrangements of SSS SOs opened or relocated in malls. For the duration of their contracts, another P7.65 million in savings are expected. At the same time, the SSS was able to save P88.76 million in terms of renovation works. These savings eventually redound to the benefit of members through better facilities for their comfort and convenience.

An evident trend in the establishment of SSS offices in 2017 is the move towards those based in commercial malls.

3
NEW
BRANCHES



14
BRANCHES
RELOCATED

16
NEW SERVICES
OFFICES



AWARD AND ACCOLADES FOR COVERAGE, RESPONSIVENESS, AND TRUSTWORTHINESS

In 2017, the Social Security System (SSS) received a major award for its coverage of informal sector workers (ISWs), as well as recognitions for its responsiveness in resolving complaints lodged through the Citizen Hotline 8888, and the public's overall trust in the pension institution.

Government Best Practice Award

The SSS bagged the 2017 Government Best Practice Award (GBPA) from the Development Academy of the Philippines for its implementation of the AlkanSSSyA Program to intensify coverage of ISWs. SSS President and Chief Executive Officer Emmanuel F. Doooc received the award on October 11, 2017 with other recipients namely: the Department of Science and Technology (DOST) Region 9, the Philippine Statistics Authority (PSA) Region 5, and the City Government of Valenzuela.

Launched in 2012, the SSS AlkanSSSyA Program is an "out-of-the-box and wholesale approach to cover workers in the informal sector as well as to develop their financial discipline of saving." As of December 2017, AlkanSSSyA has 1,412 program partners — 415 in National Capital Region, 587 in Luzon, 215 in Visayas, and 195 in Mindanao.

In a span of six years, the program has expanded its membership among Tricycle Operators and Drivers Associations (TODA), barangay employees, community-based organizations, market vendors, farmers, jail inmates, jeepney operators and drivers, cooperative members, golf club caddies/ umbrella girls, and pedicab operators and drivers.

During the final presentation of the pension fund's entry titled "AlkanSSSyA Program: Towards Intensified Coverage of the Informal Sector", SSS Senior Vice President for Administration Group and concurrent OIC for Public Affairs and Special Events Division May Catherine C. Ciriaco emphasized that convenience, affordability, and sustainability are the program's three salient features that led to its successful implementation.

"As we recognize the vulnerability of informal sector workers in terms of their nature of work and irregularity of income, the SSS established an integrated payment system which makes payment of contributions simple and affordable. Similar to piggy banks, members can save a part of their daily income for as low as ₱12 per day in personalized metal compartments installed in locations accessible to them so that they can complete their monthly contributions to SSS," Ciriaco said.

The six-year implementation of the microsavings scheme resulted in additional membership of over 100,000 with an equivalent collection of ₱614.4 million as of December 2017.

The next steps in achieving overall sustainability of the program include aggressive information campaign among the informal sector and introducing new registration and payment platforms.

"We cannot achieve program sustainability without our member's high level of appreciation on the long-term benefits of being an SSS member. That's why we are continuously creating innovations and enhancing our policies and guidelines in selecting organized groups to ensure the overall sustainability of the AlkanSSSyA Program," PCEO Doooc noted.

Best Hotline 8888 Resolution Rate

The SSS achieved the highest feedback resolution rate of 91.33% based on the 1st Quarter 2017 Citizen Hotline 8888 Report by the Civil Service Commission (CSC).

SSS PCEO Doooc noted that the pension fund resolved 1,170 queries, complaints, and requests out of 1,281 calls endorsed by Hotline 8888 in the first three months of 2017 alone.

"Although SSS got the most number of feedback, our team from the Member Communications and Assistance Department were able to resolve them immediately," PCEO Doooc said.

"Regardless of the severity of inquiry or complaint, we ensure that we act on it promptly and accurately as we give our best to provide a wide-range of SSS benefits and services to over 36 million members," he added.

Among the top concerns resolved by the SSS were documentation hassle, clarification on SSS procedures, and slow processing of benefit claims. To avoid these problems, PCEO Doooc advised members to always keep their personal records updated and make amendments as soon as possible to avoid delays in processing.

"For example, if the retiring member has discrepancies in his date of birth or name, he should correct it now for easier processing of his retirement benefit," he said.

Ranked second is Home Development Mutual Fund, with 82.94 percent, followed by Government Service Insurance System, with 72.37 percent.

Also in the list were Bureau of Internal Revenue (with 66.77%), Department of Foreign Affairs (65.95%) Philippine Statistics Authority (59.05 %), Commission on Elections (55.77%), Philippine Postal Corporation (50%), Land Transportation Office (42.83%) and National Bureau of Investigation (37.61%).

The CSC's Citizen Hotline 8888 is a government feedback mechanism that enables the public to lodge queries and other concerns for immediate



94%
TRUST RATING

action. Currently, the hotline receives daily an average of 253 queries, 144 complaints, 66 requests for assistance, four (4) suggestions, and three (3) commendations/ appreciation.

"With the growing number of SSS members, the management is also cognizant of the public's clamor for faster and more efficient delivery of services. As one of the partner-agencies of CSC, it is our responsibility to resolve these cases so that we can accommodate more members who need our assistance," PCEO Doooc noted.

Trust Rating Tops 94 percent

Another accolade that the SSS received in 2017 was its being ranked as one of the most trusted government agencies in the country. Filipinos gave a 94% trust rating to the SSS based on the 2017 and fifth Philippine Trust Index (PTI), a survey conducted by the communications agency EON Group.

The SSS ranked next to Philippine Health Insurance Corporation with a 95% trust rating. Also in the top five were the Department of Education (93%), Department of Social Welfare and Development (88 %), and Technical Education and Skills Development Authority (91%).

"We are very glad with the results of the survey conducted by EON Group. To know that we are one of the highly-trusted government agencies is a bonus for our daily task of ensuring quality service to our dear members," SSS PCEO Doooc said.

The 2017 PTI edition, dubbed as "The Philippine Paradox: Growing Trust in a Time of Growing Uncertainty", covered 30 government agencies and was conducted from March to April 2017 with 1,200 respondents aged 18 and above.

EXPANDING SSS COVERAGE BY FORGING PARTNERSHIPS WITH ORGANIZED GROUPS



43

PARTNER AGENTS



Through these new partner agents, a total of 34,647 self-employed workers became new SSS members with total SS contributions of ₱78.15 M remitted to the SSS as of end-December 2017.

36,647
WORKERS
BECAME NEW
SSS MEMBERS



It is the vision of the Social Security System (SSS) to become “a viable social security institution which provides universal and equitable social protection through world-class service”. It is a vision that still has long way to go but is certainly achievable. The SSS has been pro-actively expanding membership and has continued exploring workable schemes in order to cover the hard-to-reach, the marginalized, and most vulnerable sectors of society, particularly the workers in the informal economy.

With work in the informal sector (IS) being generally impermanent and hardly covered by labor standards or social protection, the SSS has been covering IS workers thru a wholesale approach by establishing and forging partnerships with multi-purpose cooperatives (MPCs), micro-finance institutions (MFIs), organized groups and associations thru the SSS Accreditation Program. Under said program, MPCs and similar organized groups can apply for accreditation either as a Servicing Partner Agent (SPA) or as Collecting Partner Agent (CPA). As an SPA, this means that the MPC or association can receive and verify the applications of their members for SSS benefits and loans before submitting these to their servicing SSS branch. Meanwhile, a CPA-accreditation allows the MPC or association to receive SSS contribution and loan payments from its members and remit the same to SSS. For these services, the MPC or association receives a minimal processing fee from SSS for each successful transaction.

This Accreditation Program aims to bring social security services as close as possible to the target sector through easy and convenient facility/mode of registration and payment of contributions and other obligations to the SSS.

Since the program implementation in 2012, the SSS now has 43 partner agents, mostly cooperatives and MFIs: seven (7) in the National Capital Region; 21 in Luzon; nine (9) in the Visayas; and six (6) in Mindanao.

For 2017 alone, 10 partnership agreements were forged with various cooperatives and MFIs with a total potential SSS members of 294,016 and 12,448 existing self-employed and voluntary members who would be able to continue paying their SS contributions through their cooperatives. Through these new partner agents, a total of 34,647 self-employed workers became new SSS members with total contributions of ₱78.15 million remitted to the SSS as of end December 2017.

Some of the partnership agreements signed in 2017 were with Koopnaman MPC, Valdeco MPC, Pandan MPC, Rizal Bank Inc, Tulay sa Pag-unlad, Inc., and Coolway MPC.

Finally, one of the significant events of 2017 was the first ever multi-sectoral event (MSE) dubbed as “SSS: Nagsusulong ng Social Protection Para sa mga Mangagawa sa Informal Sector,” held on May 12, 2017 at the Ramon Magsaysay Hall at the SSS Main Office in Quezon City. Over 130 guests from various cooperatives, church-based groups, cooperative federations, representatives of Cooperative Development Councils, sectoral representatives endorsed by National Anti-Poverty Commission, as well as various media partners attended the event. This MSE also served as a venue to renew SSS partners’ commitment to being proactive in the campaign for SSS coverage and to become a forum for exchanges of information, and feedback from participants who are both existing and prospective target partners of SSS.

THE SSS-PANDAN MPC PARTNERSHIP: Serving Members is Foremost Concern

Picture this: Waking up before sunrise, squeezing in barely an hour your bath, breakfast, and personal time, before heading to the Pandan transport terminal to book a one-way ticket to San Jose, Antique. Inside the bus, you try to secure a comfortable seat, with hopes of safely surviving the long travel ahead.

Arriving four hours later in San Jose, you go straight to the Social Security System (SSS) branch in the area, only to find a long queue for members' transactions. The thought of heading back home hits you, but still, you decide to stay in line and wait.

Consider yourself lucky if you brought the complete and right documents to support your claim application, but what if you fall short of the requirements? Does that mean you must bear another day of waking up early, travelling for hours, and waiting?

This is just a sample scenario of what used to happen to the members of Pandan Multi-Purpose Cooperative (MPC) who needed to transact with the SSS. Fortunately, that is now a thing of the past. On January 16, 2017, Pandan MPC signed up with pension fund's Partner Accreditation (PA) Program, which resulted in a dramatic change in the way its members transact with SSS.

Based in the northern part of Antique, Pandan MPC was organized in 1964 by 15 cooperators, through the assistance and support of German parish priest Rev. Fr. Von Tilberg as well as the Pandan parishioners. Its seven-member Board of Directors (BOD) is currently chaired by Engr. Celso D. Tajanlangit, while its overall management is headed by General Manager Dedaci V. Nepomuceno (photo below).

The fact that it often took Pandan MPC members one full day to transact with SSS pushed Nepomuceno to apply for accreditation as one of the institution's collecting partner agents, she explained in an interview.

"It took four years before our accreditation was approved because we had some unqualified financial ratios," said Nepomuceno, "but I kept on submitting our financial statements until they were considered qualified."

She is glad that she did not give up her pursuit for SSS accreditation, as "being accredited with SSS increased the morale and community impact" of their cooperative.

Despite the minimal incentive they and other accredited partner agents receive from SSS upon accreditation, which amounts to ₱4.00 and ₱6.00 for every approved (non-collection) and posted (collection) transaction, respectively, Nepomuceno believes that, "serving the members is more important than any financial gain."

More than a year since Pandan MPC expanded its services by partnering with SSS, positive changes have been noted into the lives of its members who are now able to build up slowly their social security fund for the future.

After the MOA signing, "not only the payment of our members' SSS contributions and loan amortizations have been updated, various benefits like sickness, disability, maternity, retirement, death, and funeral have also been made accessible to them," Nepomuceno shared. In addition, the members are grateful of Pandan MPC being an accredited partner agent of SSS, as it is "very accessible and delivers fast service," she noted.

Citing these reasons as proof of the accreditation's benefits, Nepomuceno encourages other Pandanons to become SSS members through Pandan MPC. She likewise hopes that other province-based cooperatives and organized groups, especially those in the far-flung areas, be inspired to expand their services through the SSS' PA program.



SSS QUALITY MANAGEMENT SYSTEM: A CONTINUING JOURNEY TOWARDS PERFORMANCE EXCELLENCE

The Social Security System Quality Management System (QMS) aims to uphold the institution’s mandate and ensure high quality of service to its stakeholders. This is aligned with its quality policy of providing prompt, convenient, reliable, and meaningful social protection services to its members and their beneficiaries, such that they will receive the benefits due them in times of contingencies.

The implementation of QMS is in compliance with Executive Order (EO) No. 605 “Institutionalizing the structure, mechanism, and standards to implement the Government Quality Management Program”. EO 605 directs all departments and agencies of the Executive branch, including government financial institutions (GFIs) to adopt the ISO 9001 QMS as part of the government-wide quality management program with priority to be given to frontline services.

Considering its organizational size and geographical dispersion, the SSS adopted an incremental approach in achieving certification of compliance with ISO 9001 wherein the QMS was initially implemented in the Registration and Coverage System (RCS) of Diliman Branch, which was eventually awarded ISO 9001:2008 Certification in July 2011.

The RCS QMS was re-certified in July 2014, and the success in this area raised confidence and buy-in, leading to the ISO Certification of the implemented QMS in other branches, namely: La Union, Pasig, Bacolod, and Butuan, also in 2014.

In December 2015, another six (6) branches obtained ISO certification, namely: Baguio, Camiling, Taguig, Calamba, Legaspi, and Cebu.

An additional 10 NCR North branches and six (6) Luzon North 1 branches were ISO-certified, and three (3) NCR North branches, specifically Deparo, Navotas, and Paso de Blas, were ISO-aligned in December 2016. In the same year, RCS QMS was extended to include Death, Disability, and Retirement Benefits (DDR) Process in the certification of Diliman and Camiling branches.

To keep abreast of the latest international standards on QMS, 30 branches then started the transition to the ISO 9001:2015 standards in 2017.

Also in 2017, the QMS in Diliman Branch was further extended to cover all core processes that included Contributions and Loans Repayment Collection; Short-term Member Loans Granting; Sickness, Maternity and Employees Compensation Benefits, and Funeral Benefit. Diliman Branch was eventually certified to the new ISO 9001:2015 standards in December.

The ISO Certification also covers the branches’ respective Processing Centers (Diliman PC, La Union PC, Tarlac PC, Pasig PC, Makati PC, San Pablo PC, Iloilo PC, Cebu PC, and Cagayan de Oro PC), and Diliman Physical Examination (PE) Center.

To ensure effective implementation of QMS standards, SSS applies quality initiatives and tools, such as the Quality Workplace Program using the 5S concept to improve workplace morale and efficiency, and the Quality Work Improvement Program to empower employees in developing work improvement projects that increase productivity and enhance services.

Likewise, to improve further the frontline services vis-à-vis ISO-certified QMS initiatives, SSS implements best practices of International Social Security Association (ISSA) member-organizations that directly benefit members. Thus, the Social Security Commission adopted the ISSA Guidelines on Service Quality (SQ) in July 2014, and the SSS management launched in 2015 of the SSS SQ Framework, for which SSS received the ASEAN Social Security Association Recognition Award.

Performance excellence is truly a continuing journey towards attaining and sustaining world-class service.

YEAR	MILESTONES
2011	ISO 9001:2008 Certification of RCS QMS of Diliman Branch Re-certification of RCS QMS of Diliman Branch
2014	ISO 9001:2008 Certification of RCS QMS of four (4) branches, namely: •La Union Branch •Pasig Branch •Bacolod Branch •Butuan Branch
2015	ISO 9001:2008 Certification of RCS QMS of six (6) branches and their respective PCs, namely: •Baguio Branch •Camiling Branch •Taguig Branch •Calamba Branch •Legaspi Branch •Cebu Branch •La Union PC •Tarlac PC •Makati PC •San Pablo PC •Diliman PC •Cebu PC
2016	ISO 9001:2008 Certification of RCS QMS of ten (10) NCR North branches and their respective PCs, namely: •Batasan Hills Branch •Caloocan Branch •Commonwealth Branch •Cubao Branch •Eastwood Branch •Novaliches Branch •Malabon Branch •North Fairview Branch •San Francisco Del Monte Branch •Valenzuela Branch •Diliman PC •Pasig PC ISO 9001:2008 Certification of RCS QMS of six (6) Luzon North 1 branches, namely: •Agoo Branch •Bangued Branch •Bontoc Branch •Candon Branch •Laoag Branch •Vigan Branch ISO 9001:2008 Certification of extended scope of QMS covering Death, Disability, and Retirement Processes of two (2) branches and their respective PCs and PE Centers, namely: •Diliman Branch •Camiling Branch •Diliman PC •Tarlac PC •Diliman PE Center Branches aligned with ISO 9001:2008: •Deparo Branch •Navotas Branch •Paso de Blas Branch
2017	ISO 9001:2015 Certification of Diliman Branch, Diliman PC, and Diliman PE Center on the extended scope of QMS covering the following core processes: •RCS •Contributions and Loans Repayment Collection •Short-term Member Loans Granting •Sickness, Maternity, and EC Benefits •Funeral Benefit

SSS CSR PROGRAMS: GOING BEYOND CHARITY, TOWARDS REBUILDING

The Social Security System (SSS) in 2017 continued with its institutionalized corporate social responsibility (CSR) programs, which were often marked by joint cooperative efforts between its management and employees. As a social security institution that seeks to promote the welfare of the people, the SSS also supports organizations whose objectives are in consonance with its mission, thrusts, and vision through donations to these non-profit organizations.

TURNOVER OF CHRISTMAS DONATIONS TO CHARITABLE INSTITUTIONS

The annual SSS Christmas Fund Drive chose ten (10) institutions catering to orphaned, neglected, and marginalized children as the beneficiaries for 2017. This focus on children's welfare is in recognition of the fact that children below 10 years old now make up around 10.7% of the Philippine national population.

A total amount of ₱800,000.00, was raised in the Christmas Fund Drive, half of which represented the Management counterpart, while the other half came from the pooled voluntary contributions of SSS employees.

The turnover of donations was held during the annual Christmas musical program called "SSS Pamaskong Handog: The Joy of Giving" on December 20, 2017 at the SSS Ramon Magsaysay

Hall. These institutions were: 1) Concordia Children's Services, Inc.; 2) Friendship Home Father Luis Amigo, Inc.; 3) Canossa-Tondo Children Foundation, Inc.; 4) SOS Children's Village; 5) Simbayanan ni Maria Community Foundation, Inc.; 6) SPECS Foundation, Inc.; 7) Alouette Foundation of the Philippines; 8) Bahay Tuluyan, Inc.; 9) Haligi ng Bata, Inc.; and 10) Meritxell Children's World Foundation, Inc.

Also part of the "SSS Pamaskong Handog" program was the distribution of gift boxes to about 500 wounded soldiers recuperating at Camp Evangelista Army Station Hospital in Cagayan de Oro City on December 18, 2017. The gift boxes, containing personal hygiene items and basic clothing articles, also served as SSS' token of appreciation to the brave men and women who helped restore the peace and order situation in Marawi City.



OTHER CALAMITY ASSISTANCE ACTIVITIES CONDUCTED IN 2017

CALAMITY RELIEF OPERATION	ASSISTANCE/ BENEFICIARY
Relief Operation for typhoon Nina victims Held on February 11, 2017 at Magurang Elementary School, Magurang, Polangui, Albay	Relief goods for 1,000 families from four (4) barangays in Albay – Magurang, Alnay, Basud and Gabon
Relief Operation for 6.7 magnitude earthquake victims Held on February 23, 2017 at Brgy. Washington Gym, M. Ortiz St., Kaskag Village, Surigao City	Relief goods for 900 families
Relief Operation for typhoon Nina victims Held on March 08, 2017 at Brgy. Plaza, Virac, Catanduanes	Relief goods for 1,000 families
Relief Operation for flash flood victims Held on March 16, 2017 at Brgy. Lapasan Covered Court, Lapasan, Cagayan de Oro (CDO) City	Relief goods to 1,700 families from five (5) barangays – La Paz I, Centro Kolambog, La Paz I Extension, San Lazaro and Little Cebu Lapasan
Financial Assistance for earthquake victims Distributed in April 2017 c/o SSS Performance Management and Employee Relations Department (PMERD)	Financial aid to SSS employees and non-SSS personnel affected by 6.7 magnitude earthquake in Surigao City
Financial Assistance for CDO flash flood victims Distributed in April 2017 c/o SSS PMERD	Financial aid to SSS employees and non-SSS personnel affected by flash floods in CDO.
Turn-over of Donation to Philippine Red Cross (PRC) for the armed conflict victims Held on June 22, 2017 at the PRC-National Headquarters	Donated ₱500,000.00 to PRC to support the various social services for the soldiers and families in Marawi, Lanao del Sur

CORPORATE DONATIONS

Every year, the SSS receives numerous requests for donations from various private and public institutions. Each request is evaluated based on their proposed programs and activities, which must be supportive of or in consonance with the mission, vision and thrusts of the SSS. These may include activities or programs that promote the welfare of workers, the disabled, the elderly and the orphans, promote employment and industrial peace; or assist the SSS towards efficient service delivery.

Among the donations made in 2017 were for Children's Hour Philippines, Alay sa Kawal Foundation, Philippine Cancer Society, and Philippine Institute for the Deaf, and others; as well as to various Philippine embassies and consulates that serve and protect the welfare of overseas Filipino workers.

CALAMITY ASSISTANCE

The SSS has an annual Calamity Assistance Fund of ₱50 Million that is geared towards providing help to disaster-stricken communities through humanitarian and medical missions, as well as relief and rehabilitation operations for calamity victims, particularly members, pensioners, and affected SSS personnel. The target beneficiaries for the calamity assistance are based on the reports or requests of the recommending SSS branch or based on calamity reports from the National Disaster Risk Reduction and Management Council (NDRRMC) or Local Government Unit within the area.

ENVIRONMENTAL AWARENESS

In celebration of its 60th anniversary, the SSS initiated a System-wide Mangrove Planting project in the early half of 2017. With the theme, “Plant Towards the Future,” the activity aimed to raise awareness on the importance of mangroves in the preservation of the marine and coastal ecosystems in various areas around the country, as well as to give support to their local community stewards.

About 250 participants from the SSS Main Office and branches in the National Capital Region and Luzon Operations Groups—consisting of the SSS Volunteer Group, executives and employees from the head office, as well as representatives from Luzon South 1 and 2 Divisions—planted a total of 3,500 mangrove propagules in the 1.4-hectare protected forest of Barangay Bucal in Calatagan, Batangas on June 3.

Meanwhile, seven (7) branches under the Mindanao Operations Group organized mangrove planting activities in the region, particularly at Pujada Bay in Guang-guang, Dahican, Mati City on May 13; at Sitio Torres, Barangay Lasang, Davao City on June 3; at Bincungan, Tagum City, Davao del Norte, at Malalag Bay, Davao del Sur, and at Sitio Lawis, Barangay Lizada, Toril, all on June 3; and at Barangay Lacasa, Hinatuan, Surigao del Sur on June 24.

A thousand more mangrove seedlings were sowed by SSS employees of the Visayas West 1 Division, this time at Barangay Pahanocoy, which has the biggest forest restoration project in Negros Island.

Other branches under the Visayas Operations Group, namely, SSS Catbalogan, SSS Ormoc, SSS Calbayog, and SSS Catarman, also participated in the System-wide activity. The last two conducted a joint mangrove planting on June 3 at Barangay Obrero, Calbayog City, Samar. Held simultaneously were SSS Catbalogan and Ormoc employees’ volunteer work at Barangay Payao, Catbalogan City and at Barangay Naungan, Ormoc City, respectively.



250
PARTICIPANTS
FROM LUZON

3,500
MANGROVE
SEEDLINGS
PLANTED



“Just as the SSS aims to provide meaningful protection to its members against the hazards of untoward events leading to financial burden, our mangrove planting activity helps communities build shoreline protection against damaging storms, strong waves, and impending flood. It is also a great way to strengthen camaraderie among employees and show how much we care for our members and our environment,” said SSS HRSD OIC Filomena S. David.

60 YEARS AND STILL COUNTING:

SSS Celebrates Diamond Year

The year 2017 marked another milestone in the history of the Social Security System (SSS) as it finally reached six strong decades of providing meaningful social security protection to the Filipino people and continuously changing their lives for the better.



As its way of giving back to the public, particularly to its members and their families, including its employees, the SSS conducted a series of events for its 60th anniversary celebration, kicking-off with the nationwide conduct of the SSS Pensioners' Day on May 5, 2017.

In cooperation with the Federation of Senior Citizens Association of the Philippines and the Office for Senior Affairs, the SSS held simultaneous Pensioners' Day Programs at the SSS Main Office as well as in selected areas in Luzon, Visayas, and Mindanao, allowing a total of 3,500 pensioners to receive free medical check-ups and medicines as well as to learn from various health and wellness lectures.



On August 29, 2017, meanwhile, ten (10) seasoned Filipino artists from the FILARTS Group joined the pension fund's anniversary celebration through the 154th SSS Gallery Art Exhibit. The beautiful masterpieces of artists Rene Canlas, Bonnie Jimenez, Naning and Raks Molata, Pancho Piano, Roy Espinosa, Maryrose Gisbert, Oying Madrilejos, Lloyd Lusica, and Ponciano Zapanta were showcased at the SSS Main Office throughout the institution's anniversary month.



Barely a week after the Gallery event, the SSS opened its anniversary photo exhibit, featuring 60 interesting stories from various stakeholders, such as current and former officials and employees, partner employers, members and their beneficiaries, as well as accredited partner agencies and non-government organizations, whom the institution has aided in one way or another.



On September 6, 2017, no less than President Rodrigo Roa Duterte graced the pension fund's milestone celebration and urged the SSS to intensify compliance of employers with the SS Law to ensure payment of their workers' contributions. In his keynote address, Duterte said that the SSS management and personnel are both in a unique position to directly impact the lives of the Filipino people through the various services they provide and the work they do every day.





September 8, meanwhile, saw the gathering of SSS' top public and private sector partners, who received due recognition for their invaluable roles in ensuring the social security protection of Filipino workers in the country through the 2017 Balikat ng Bayan (BnB) Awards. The Top Employers for the Large, Medium, and Small Accounts categories were PanAsiatic Call Centers, Inc., Beautiful Horizon, Inc., and Federation of Filipino-Chinese Chambers of Commerce & Industry, Inc., respectively.



The other 2017 BnB awardees were: East West Rural Bank (Best Collecting Rural Bank and Best Paying Partner); Land Bank of the Philippines (Best Paying Partner); PTV-4's "Good Morning Pilipinas"/"Good Morning Boss" (Best Media Partner for Television); Pilipino Mirror (Best Media Partner for Print); RN Laguna Broadcasting Service (Best Media Partner for Radio); and SEDP-Simbag sa Pag-aseño, Inc. (Best Servicing & Collecting Partner). Special citations likewise were given to: Mr. Amado Macasaet (Media Partner for Print); Ventaja International Corporation (OFW Collection Partner); and Bukidnon State University, Provincial Government of Isabela, and Manila International Airport Authority (Partner Government Agencies for the Coverage of Job Order and Contractual Personnel).



Also conducted as part of the anniversary celebration was the Member's Day held on November 6, 2017 at the SSS Main Office. In partnership with the Armed Forces of the Philippines Reserve Command, the SSS offered to almost 900 members various complimentary medical services such as consultation, dental services, bone scanning, optical services, reflexology, free medicines, and even legal services during the whole day event.

Another highlight of the SSS' 60th anniversary celebration was Paul Anthony D. Ocampo winning in the pension fund's first-ever "Tawag ng Tanghalan," a singing competition among SSS personnel and service bureau (SB) contractuels. The SB Computer Maintenance Technologist from the Network Communications Department was named grand champion in the much-awaited finale held on December 20, 2017 at the Ramon Magsaysay Hall in Diliman, Quezon City.

Ocampo sang a jaw-dropping rendition of "Faithfully" by famous band Journey to book his place in the top three, prior to stunning the audience and judges alike with his heartwarming version of Regine Velasquez's "Ikaw" and earning the highest score of 92.33%.

And as a way of giving back to the officials and employees for a year of hard work and dedication to their duties, the SSS wrapped-up its 60th anniversary with a Christmas Concert, featuring the members of the Actors Guild of the Philippines and Showbiz Industry Alliance, as well as some in-house talents such as the MuzikeroSSS, SSS Dance Troupe, SSS Chorale Society, and Tawag ng Tanghalan sa SSS Grand Champion. Said event was held on December 21, 2017 at the Ramon Magsaysay Hall.

While it was relatively a tough 2017 for the SSS, after experiencing some of the most difficult challenges in operations, there were still reasons to be thankful for and it was still, indeed, a fruitful 60th year for the institution.



ACCOMPLISHMENTS OF THE SOCIAL SECURITY COMMISSION



- 1. Benefits and Assistance to Pensioners.** The Social Security Commission (SSC) reiterated its Resolution No. 795-s.2016 for the P1,000 pension increase and submitted to the Office of the President of the Republic of the Philippines the draft Executive Order for the purpose. It also approved a consolidated Annual Confirmation of Pensioners (ACOP) to make it easier for pensioners to comply, as well as a Pension Loan Assistance Program to provide economic assistance to pensioners by way of low interest loan.
- 2. Corporate Performance Targets.** The SSC approved the 2017 Strategy Map and Performance Scorecard and held its own Strategic Planning whereby the SSS' roadmap and strategic objectives based on the institution's vision and mission were analyzed.
- 3. Fair Policies and Guidelines.** Investment policies/guidelines were developed or revised to ensure increased returns and a level playing field for investment opportunities, such as the guidelines on stockbroker management and accreditation, participation in domestic mutual funds, outsourcing of fund management, accreditation of banks as collecting and paying agents of SSS, and the disposal of SSS housing and acquired assets.

- 4. Increasing SSS Membership and Contribution Collections.** The SSC approved agreements with cooperatives for the coverage of self-employed persons; instituted the procedures for the issuances of warrants of distraint, levy and garnishment (WDLG) against delinquent employers; and directed the enhancement of the Account Management System to include ageing of delinquency, monthly list of delinquent accounts, electronic tracking of history, and real-time processing of contributions. The SSC also approved the extended implementation of the Loan Restructuring Program, allowing delinquent borrowers to pay first their unpaid principal loan and interest, to stop the further accrual of penalties. Further, to make the members more aware of the implication of unpaid loan amortizations, the SSC approved the illustration of a Table for Theoretical Computation of Non-Payment of SSS Salary Loan as part of the application form.
- 5. Corporate Governance.** The SSC improved the basic assessment result of the internal control system by directing the Internal Audit Services Group to report the operational and support units that violated their mandates, including the imposition of sanctions for violations committed and corrective actions made, and to improve the risk assessment, control and monitoring activities. For transparent, responsible and accountable governance, a Whistleblowing Policy was approved for the reporting of any illegal and unsound transactions or activities in the SSS.

6. Corporate Social Responsibility. The SSC approved funding recommendations to provide assistance for SSS members/pensioners who were affected by Typhoon "Nina" and various earthquakes, for the displaced Marawi, Lanao del Sur residents due to the armed conflict, as well as approved a management counterpart amount for the SSS Christmas Fund Drive for charitable institutions. The SSC also approved the realignment/transfer of 50% of the budget for the 2017 SSS Anniversary Expenses to assist the victims of the armed conflict in Marawi City and the 6.5 magnitude earthquake in Ormoc City.

7. Employee Development. To meet the requirements of the SSS organization, the SSC moved to ensure the sufficiency of qualified and competent personnel by encouraging continuous year-round training programs for employees at various levels, with the aim of improving their performance, enhancing their competencies, and developing client-centric behavior. The seminars championed by the SSC were on the Procurement Law, and on Public-Private Partnership Projects, among others.

The Audit Committee also called Management attention to the following issues/concerns:

Implementation of the Accounts Monitoring System (AMoS)

On 5 April 2017, the SSC approved the directive of the Audit Committee for the personnel of Branch Operations Sector, Account Management Group, and all other concerned units, to strictly comply with the implementation of the AMoS, as per Office Order No. 2009-041. The Committee considered measures to enjoin compliance with AMoS as collection efficiency and accuracy of records of employer payments and delinquencies are connected to other policies and programs, such as issuance of warrant of distraint and levy, contribution rate increase, member benefits, and pension increase.

Baseline Assessment of SSS' Internal Control System

With the endorsement of the Audit Committee, IASG presented to the SSC on 21 June 2017 the results of the baseline assessment on the internal control system of the SSS, with the directive that it be amended to include the reporting of operational and support units that violate their mandates and the imposition of sanctions and the corrective actions done.

Creation of Plantilla Positions for Local Bids and Awards Committee (BAC) Secretariat

As endorsed by the Audit Committee, the SSC approved the creation of plantilla positions for the Local BAC Secretariat in NCR, Luzon, Visayas, and Mindanao Operations Division, subject to the further approval of the Governance Commission for GOCCs and/or Civil Service Commission.

Creation of a Task Force on Employer Delinquency

The SSC approved the creation by SSS Management of a Task Force on Employer Contribution Delinquency as recommended by the Audit Committee, with its tasks to include giving the particulars of delinquent employers on a per province/city bases and to put it on a special record that can be accessed electronically.

Review of SSS Security Plan

The IASG presented the results of its assessment of the existing SSS Security Plan, which was found lacking in certain policies, guidelines, and procedures, such as comprehensive professional assessment of security needs; a security plan for other SSS offices; Crisis Management Team and Emergency Response Team and simulation exercises of these teams and the security force; permanent personnel assigned to view CCTV footages in real time; and periodic review or audit of the Security Plan. Also, IASG presented the results of the spot audit of SSS premises, in relation to the security preparations for the visit of the Philippine President for the SSS 60th Anniversary Program.

AUDIT COMMITTEE

The Audit Committee approved the 2017 Audit Plan, of which the Internal Audit Services Group (IASG) conducted and completed the following projects:

1. Audit of Automated Telling System in 47 branches
2. Audit of ER Coverage and Delinquent Accounts in 15 branches and their Processing Centers (PCs)
3. Audit of Loans Granting and Repayment in 15 branches and their PCs
4. Audit of Sickness/Maternity Processes in six (6) Hub Branches and their PCs
5. Audit of two (2) Foreign Offices
6. Internal Quality Audit in 11 branches for re-certification, 21 branches for certification/replication, and 35 support units
7. Follow-up Audit for ER Clearance (2012), Service Delivery (2014) and DDR Workflow (2014 and 2015) in 20 branches
8. Audit of Salaries of newly-hired/absorbed and promoted employees in 2015
9. Audit of SSS leased offices
10. Disposal of Investment Properties in 2016
11. Reconciliation of Real and Other Properties Acquired (ROPA) - Acquired Assets as of 2016 - NCR Divisions
12. Audit of Procurements by Division as Approved by the Local Bids and Awards Committees in 2016 (one Division each from Luzon, Visayas, and Mindanao)
13. Procurement Management Review (PMR) - P10 million and above (all PMR-received not later than 15 November 2017)
14. Audit of Initial Death, Disability and Retirement System (IDDRS) Interfaced/Lined with Registration and Coverage System, Contribution System, Enhanced Loans Management System (ELMS), and Sickness Maternity and EC (SMEC) System
15. Internal Quality Audit of Registration Process and DDR Workflow

COMMITTEE ON COVERAGE, COLLECTION AND OTHER RELATED MATTERS (CCCORM)

In 2017, the CCCORM was the most active committee, holding the most numbers of meetings in the year, in an indefatigable effort at improving SSS' collection, coverage, and member services. Among their most significant accomplishments are the following:

A. Requirement for submission of certificate of SSS coverage and compliance prior to the issuance of annual business license or permit by local government units

The SSC, in its meeting on 23 January 2017, confirmed the directive of the CCCORM for SSS Management, through the head of Branch Systems and Procedures Department, and the heads of Branch Operations and Account Management groups, to strictly implement Sec. 24 (g) of the Social Security Act of 1997 on the submission of certificate of SSS coverage and compliance prior to the issuance of any annual business license or permit by local government units. A periodic implementation report shall also be submitted to SSC through the CCCORM.

B. Warrants of Distraint, Levy and Garnishment (WDLG)

1. The SSC, in its meeting on 23 January 2017, confirmed the directive of the CCCORM for SSS Management, through the Task Force headed by the Chief Legal Counsel, to submit not later than 24 February 2017, an Omnibus Implementing Rules and Regulations (IRR) of the Social Security Act of 1997, with emphasis on coverage, collection, and enforcement, for the SSC's approval. The IRR shall include the implementation of Sec. 22 (b) of the SS Act, which provides that in cases where an employer refuses or neglects to pay SS contributions, it shall be collected by SSS in the same manner as taxes are made collectible under the National Internal Revenue Code.
2. In the SSC meeting on 8 February 2018, the draft 2017 Manual of Procedures on WDLG was presented by the CCCORM Chairperson, subject to public hearings before the same is endorsed to the SSC for its final approval and the usual publication and registration requirements for its effectivity.
3. The SSC approved the proposed Manual for the purpose of presenting the same for public consultation, which was subsequently held on 07 April 2017 at the Ramon Magsaysay Hall, SSS Main Office.
4. The 11-point program of the CCCORM was presented to the SSC, which then:
 - approved in principle the various levels of authority and at least three (3) signatories for each level of authority, the safety nets and internal controls in the issuance and enforcement of warrants for inclusion in the final Guidelines on the Summary Remedies of WDLG;

- directed Management to create a Task Force on collection for each region, and for the Human Resource Management Group to rationalize and realign manpower by strengthening collection and enforcement units; and to hold orientation and workshops on the finalized Guidelines on the Summary Remedies of WDLG; and,
- approved the pilot implementation of the Summary Remedies of WDLG in the National Capital Region and selected key branches as may be determined by Management.

5. The SSC approved the draft SSC Circular on the Guidelines on WDLG and its endorsement to the Office of the President of the Philippines.

C. Accounts Management System

The SSC, in its meeting on 23 January 2017, confirmed the directive of the CCCORM for Management, through the group heads of the Branch Operations, Large Accounts, Legal Services, and Information Technology Management, with the participation of representatives of Internal Audit Services Division, to review the Accounts Management System (AMS) business rules and enhance the AMS to include the following: a) aging of delinquency; b) monthly list of delinquent accounts; c) electronic tracking of history; and d) real-time processing.

D. Mandatory SSS coverage of job order and contractual personnel in government offices

In the draft Executive Order for consideration by the Office of the President of the Philippines, the SSC confirmed the following:

1. SSS coverage of job order and contractual personnel, who are not covered by the Government Service Insurance System (GSIS), and engaged by all local government units (LGU), national government agencies (NGA), government-owned and controlled corporations (GOCC)/government financing institutions (GFI), and other instrumentalities;
2. Inclusion of SSS Registration and Clearance as mandatory requirements in the issuance and renewal of licenses of self-employed individuals by the Professional Regulation Commission (PRC) and the Games and Amusement Board (GAB);
3. SSS Registration and Clearance as mandatory requirements in securing Mayor's Permit and/or annual business permit from the LGU, and as mandatory eligibility requirements in all government procurement activities; and
4. Compliance with SSS obligations of all government officers and employees as "kasambahay" employers.

E. Real-Time Processing of SSS Contributions (RTPC)

1. The CCCORM created a project management unit to oversee the development and implementation of the RTPC Business Process Plan. The SSC subsequently approved the procurement of IT resources necessary to support the RTPC Program and to facilitate SSS' compliance with the Data Privacy Act of 2012.

GOVERNANCE, ORGANIZATION, AND APPOINTMENTS COMMITTEE (GOAC)

While the SSS Compensation and Position Classification System (CPCS) is pending review, the GOAC recognized the important role of Alert and Concerned Employees of the SSS (ACCESS) and gave it the opportunity to be involved and participate in the deliberation and review thereof, although the same was superseded by the issuance of Executive Order No. 36.

The GOAC recognizes the importance of a stable relationship between the SSS Management and its workforce, thus it approved for endorsement to the SSC the following:

- Revision of the SSS Program on Awards and Incentives for Service Excellence (PRAISE);
- Revision of the SSS Merit Selection Plan, which consists of: a) inclusion of Vice President positions under the jurisdiction of the Personnel Selection Board for Higher Management (PSBHM); and b) the new composition of the PSBHM to include the PCEO/Vice Chairman, two Commissioners, and two outside members designated by the Commission; and
- Assistance to SSS employees affected by the armed conflict in Marawi.

The Committee advised SSS Management to prioritize the conduct of service quality training programs for branch frontline personnel who receive the most number of complaints. It also initiated the conduct of benchmarking of the best practices in Guadalupe Branch, which was awarded with the seal of excellence by the Civil Service Commission.

The Committee also gave its approval for endorsement to the SSC the additional manpower requirements in anticipation of the implementation of WDLG, and the hiring of more Account Officers to boost collection efforts. It likewise vetted the qualifications of SSS executives who were nominated for promotion.



INFORMATION TECHNOLOGY COMMITTEE (ITC)

The ITC piloted an analysis of the various SSS business systems, information systems, IT design considerations, and architecture. The ITC also conducted a review of existing IT contracts to align them with the SSC's vision for the advancement of SSS services, specifically in providing real-time processing of SSS members data (e.g. contribution and loan amortization payments).

With the full implementation of the Data Privacy Law, the ITC directed the SSS Management to prioritize compliance thereto particularly on the preparation of the Data Privacy Manual, appointment of Data Privacy Officer/s, and adherence to other issuances of the National Privacy Commission that involve protection of confidential data of SSS members.

Several project proposals from ITMG were reviewed by the ITC and endorsed for SSC consideration, such as:

- Acquisition of software licenses for WES 5 implementation
- Oracle support services agreement
- Oracle hardware maintenance agreement
- MOA with the Department of Information and Communication Technology on the implementation of the iGovPhil Project
- Hiring of an SSS IT consultant
- Reduced cost for replacement of lost UMID cards
- Acquisition of licenses for the redesign and security of the SSS Website
- Amendment in the existing Internet Protocol Virtual Private Network (IPVPN) contract with Innove
- Replacement of 120 Units of network switches in the Main Office
- Replacement of 171 Units of network routers in the Branches
- Acquisition of Windows servers
- Customer Relationship Management System
- Acquisition of 344 Units of TV monitors in Branches for RTPC

The ITC also gave its clearance for the initiation of the following IT projects and endorsed them to SSC for notation:

- Acquisition of hardware to replace the existing outdated IBM (Automated Records Management System) ARMS Server
- IPVPN subscription as primary online connection to 167 SSS branches
- Acquisition of information systems security solutions to enable SSS to comply with the requirements of the Data Privacy Act of 2012
- IT Project Monitoring Matrix
- Acquisition of Integrated Security Monitoring
- Acquisition of scanners and PC workstations for the Benefits Workflow System

INVESTMENTS OVERSIGHT COMMITTEE (IOC)

The IOC approved and endorsed for SSC consideration the following:

- Changes in the 2017 Asset Allocation aimed at maintaining liquidity to cover the benefit increase and other cash build ups, introducing allocation for alternative investments, and minimizing and/or avoiding the utilization of revolving credit lines from financial institutions
- Sale and/or lease transactions of several real properties and acquired assets
- Increase in the trading portfolio limit of government securities under the Social Security Fund
- Accreditation of stocks and additional investment in mid- and small capitalization equities
- Participation in 10-year fixed rate corporate notes
- Outright sale of P2-billion Government Securities as held-to-maturity under the SS Fund
- Block sale of profitable bank shares
- Review of accredited stocks in the equities portfolio, resulting to re-accreditation, suspension, dis-accreditation and accreditation of certain stocks
- Participation in the Lamudi Housing Program, which is a web-based program wherein SSS will offer acquired real properties for sale
- Extension of Loan Restructuring Program (LRP)
- Outsourcing of due diligence studies
- Annual renewal of accreditation of SSS brokers and depository banks
- Accreditation and Investment in Cebu Landmasters, Inc.
- Placement in Vista Land & Lifescape, Inc. fixed rate corporate bond issuance

It also thoroughly passed upon for review these projects:

- Recommended options for the top seven (7) sub-optimal properties such as redevelopment of SSS Ayala Property
- Broker's trading allocation

To align the investment strategies of the SSC, the Committee endorsed the approval of several policies and guidelines, such as on:

- Disposal of SSS Housing Acquired Assets considering provisions of the Maceda Law (RA 6552)
- Accreditation of Fund Managers
- SSS Participation in Domestic Mutual Funds
- Stockbroker Management and Accreditation
- Compliance with the Credit Information Systems Act (R.A. 9510) vis-à-vis the Data Privacy Act (R.A. 10173)

MEDIA AND COMMUNICATIONS COMMITTEE (MediaCom)

The SSC formally organized the MediaCom, with the task to oversee the SSS media and communications programs, covering both internal and external publics, to recommend policy directions and enjoin adherence thereon, as well as to review and evaluate Management's recommendations on any media, communications, and stakeholder relations matters, prior to its endorsement to the SSC for its consideration and/or approval.

Proposed Charter of the SSC MediaCom

The SSC approved under Resolution No. 343 dated 10 May 2017 the Charter of the MediaCom. Amendments to the Manual of Corporate Governance for the SSS were made, incorporating therein the creation of the MediaCom and enumerating its duties and responsibilities.

Engagement of services of the Philippine Information Agency (PIA) as the SSS Advertising Campaign Manager, through Negotiated Procurement (thru Agency-to-Agency Agreement)

The SSC approved in principle the engagement of services of the Philippine Information Agency (PIA) as the SSS Advertising Campaign Manager for a period of one (1) year, with a budget allocation of P50-million, taking into account the SSC's proposals for the advertising campaign: 1) align the promotional campaign with the results of the Strategic Planning to establish the objectives; 2) conduct focus-group discussions involving the stakeholders, instead of mere surveys; 3) use the stakeholders' perspective in crafting the messages to be imparted; 4) change the slogan consistent with the thrust of the new SSC but making the message in line with President Duterte's strong stance on discipline and protection ("Tapang at Malasakit"); 5) highlight in the slogan the SSC's collective efforts resulting in the grant of pension increase; 6) present the final proposed plan to the Committee, and elevate the same to the SSC after incorporating the inputs from the Strategic Planning; and 7) present a report on the breakdown of P50-million campaign cost to the MediaCom.

RISK MANAGEMENT COMMITTEE (RMC)

Compliance to national regulations and assessment of impact of relevant bills

- The RMC emphasized the need for strict compliance to National Privacy Commission Circular No. 16-01: Security of Personal Data in Government Agencies.
- Management recommended and the SSC approved the designation of SSS Data Protection Officers in compliance with the requirement of the Data Privacy Act of 2012 and the National Privacy Commission.
- The Legal and Enforcement Group was also directed to submit its opinion on the interpretation of the Data Privacy Act relative to matters internal to the organization.
- The Legal Enforcement Group was also asked to prepare a position paper on the potential risks to SSS of the pending amendatory bills on maternity leave benefits and possible measures to mitigate identified risks.

Enhancement of SSS' investment practices

The RMC instructed the Investments Sector to do the following:

- Present a roadmap on the integration of all investment systems, including loan portfolios and other assets.
- Present measures to reduce liquidity risks and maximize investment income, after which the SSC approved ten (10) identified measures at hand and five (5) other measures to address liquidity risk.
- Reduce liquidity and maximize the investment and to seek for an opinion from the Office of Government Corporate Counsel (OGCC) on borrowing against the government securities or entering into repurchase agreements.
- Draft policies on "Acquisition of Board Seats in SSS Investee Corporations," on "Socially-Responsible Investments," and on "Environmental, Social and Governance Investments".

Validation and improvement of actuarial and financial reports

- The RMC asked SSS Management to form a Technical Working Group composed of representatives from Audit, Actuary, Finance and Accounting, and Legal units to discuss the loan portfolio investment options.
- As endorsed by the RMC, the SSC approved the proposal for the SSS to sponsor a Professorial Chair on Risk Management at the University of the Philippines' Institute of Mathematics and the School of Statistics, with a budget amount of P5 million. The Grant awardee shall pursue studies relevant to the risk management practices in the SSS, which could then be used for validation and improvement of actuarial and financial reports, as well as improvement of process such as granting of loans.

Measures to manage operational risks

- Following a report from the Chief Actuary and the Risk Officer on operational risks for both branch and investment operations, the RMC instructed the Actuarial and Risk Management Group to make a feasibility study on the creation of a liability fund that will provide legal service or financial assistance to an SSS employee who is being sued in connection with the performance of his/her duties and responsibilities.
- The RMC also asked the Management to take up with Human Resource Management Group the possibility of transferring some units under the Investments Sector to the Controllership Group to ensure that functions of the front, middle and back offices are separated.

Illustration on Non-Payment of SSS Salary Loan upon Application

- To make the members more aware of the implications of unpaid loan amortizations, a recommendation to provide a Theoretical Computation of total amount due for sample number of years with no amortization payments at two, five, and ten years, comprising the principal, interest and penalty was presented to and endorsed by the RMC to the SSC.
- The SSC approved the illustration of a Table for Theoretical Computation of Non-payment of SSS Salary Loan, for the information of members. For over-the-counter loan applications, the said Table shall be part of the application form or a separate document, the receipt of which shall be duly acknowledged by the borrower. For electronic loan applications, its completion shall require borrower's acknowledgement and confirmation that he/she has read and understood the theoretical computation.

Risk-Adjusted Financial Statements

- With the RMC endorsement, the Actuarial Group reported to the SSC how the risk-adjusted financial statements are linked to fund life and unfunded liability. The SSC took note of the 2016 Risk-Adjusted Financial Statements and directed SSS Management, through the Actuarial and Risk Management Group, to conduct fund life benchmarking with countries providing similar social security pension schemes, as well as to run an actuarial simulation using less conservative and more realistic assumptions to be presented to the SSC.

The RMC also issued directives to SSS Management to pay critical attention to the following:

SSS Financial Risk Dashboard as of April 2017

- The Investments Sector to study the policy of holding dollar or foreign currency from contributions of OFWs to maximize currency advantage and opportunities;
- Expedite the bidding for the hiring of Fund Managers;
- The Risk Management Department to coordinate with the Investment Group to come up with a joint proposal on what will be the maximum risk, bar limit, and available measures/controls to minimize losses on the SSS portfolio; and
- Conduct a study on the earnings derived from ₱30 billion worth of monetized salary loans and to submit a simulation on the percentage of earnings from monetization vis-a-vis artificial income (comprising of unpaid loan principal and expected penalties and interests), as well as on the risks associated with the monetization proposal, and how to address or mitigate those risks.

2017 Projected Financial Statement

- Management should make a position paper on the monthly salary credit (MSC) increase in the meantime that SSS could not get a contribution increase and present the same to Department of Finance (DOF) and for eventual approval of the President of the Philippines; and
- Inclusion of assumptions/projections in the performance target/financial statement considering therein the effects of early retirement incentive package (ERIP) CPCS (if implemented by the last quarter of 2017 and promotion of personnel), as well as the MSC increase (if it will take effect during the last quarter of 2017).

Proposed Reinsurance Coverage of SSS' Future Obligations

- Study further the proposed reinsurance coverage of SSS future obligations with focus on disability, sickness, funeral, and death, and to entertain proposals from different insurance companies.

Flow of SSS Equity Transaction

- Request for SSS exemption from DOF Circular No. 01-2015, as amended by DOF Circular No. 03-2015, which directs all national/local government agencies and GOCCs to deposit funds only in qualified government financial institutions
- For the Legal Enforcement Group to submit its opinion on issues regarding the Investments Management System (IMS)
- Transfer, in the meantime, the Settlement and Custodianship Department, which is a newly-created department under the Treasury Division, to the Controllership Group, subject to review once the IMS is in place.

SSS Member Loan Portfolio

- Study a Pension Loan Program as an additional benefit to SSS pensioners who often fall victim to private lenders that require them to surrender their ATM cards to ensure payment.
- Coordinate with the OPCEO on issues on collection of salary loans and to identify measures on how to possibly reduce the five-year (and older) loan accounts.

SSS Cash Flow Projections for the Years 2017 and 2018

- Update the Cash Flow Projections, taking into consideration the possible impact if the two proposed additional benefit payouts, maternity benefit increase, and unemployment insurance, are implemented.

The Effects of the Increases in Contributions and MSC to the SS Contributions, Fund Life, and Unfunded Liability

- Make a study on the effect to the fund life and unfunded liability of moving all the ₱3,000 and below MSCs to ₱4,000 minimum MSC.



COMPOSITION OF THE SSC COMMITTEES 2017

AUDIT COMMITTEE	
Anita Bumpus-Quitain	Chairperson
Amado D. Valdez	Member
Arthur L. Amansec	Member
Jose Gabriel M. La Viña	Member
Gonzalo T. Duque	Member
Diana V. Pardo-Aguilar	Member

COMMITTEE ON COVERAGE, COLLECTION AND OTHER RELATED MATTERS	
Gonzalo T. Duque	Chairperson
Emmanuel F. Dooc	Member
Diana V. Pardo-Aguilar	Member
Anita Bumpus-Quitain	Member
Arthur L. Amansec	Member
Michael G. Regino	Member

GOVERNANCE, ORGANIZATION AND APPOINTMENTS COMMITTEE	
Arthur L. Amansec	Chairperson
Emmanuel F. Dooc	Member
Anita Bumpus-Quitain	Member
Michael G. Regino	Member
Jose Gabriel M. La Viña	Member
Gonzalo T. Duque	Member

INVESTMENTS OVERSIGHT COMMITTEE	
Jose Gabriel M. La Viña	Chairperson
Amado D. Valdez	Member
Emmanuel F. Dooc	Member
DOLE Undersecretary Ciriaco A. Lagunzad III	Member
Anita Bumpus-Quitain	Member
Michael G. Regino	Member
Gonzalo T. Duque	Member

IT COMMITTEE	
Diana V. Pardo-Aguilar	Chairperson
Amado D. Valdez	Member
Emmanuel F. Dooc	Member
Arthur L. Amansec	Member
Gonzalo T. Duque	Member

MEDIA AND COMMUNICATIONS COMMITTEE	
Jose Gabriel M. La Viña	Chairperson
Gonzalo T. Duque	Vice-Chairperson
Anita Bumpus-Quitain	Member
Arthur L. Amansec	Member

RISK MANAGEMENT COMMITTEE	
Michael G. Regino	Chairperson
Amado D. Valdez	Member
Emmanuel F. Dooc	Member
Diana V. Pardo-Aguilar	Member
Jose Gabriel M. La Viña	Member
Gonzalo T. Duque	Member

SSS Vision, Mission and Corporate Strategy

In line with reassessing corporate strategies, the Social Security Commission (SSC) engaged the expertise of an external entity, which conducted an evidence-based strategic planning workshop, with the Vision-Mission-Objectives-Key Result Areas-Performance Indicators-Strategies-Programs-Activities-Resources as the framework.

Based on the thorough assessment (both internal and external), SSS vision, mission (viable, universal, equitable and world-class service) and performance (universality and equitability, world-class service, and viability) were extensively analyzed during the strategic planning workshop.

The SSS strategy map was critically reviewed, in relation to the concept of SSS mission and vision (with assertion on the objectives of universal and equitable social protection, sound and viable SSS, and members' satisfaction over social protection level and services provided).

During the SSS Corporate Strategic Planning, Management regarded the complete strategic planning workshop documentation report submitted to the SSC as reliable resource in coming up with corporate targets in various dimensions (i.e., delivering services, managing resources, controlling operating expenses, improving investment portfolios, maximizing return on investment, etc.).

Baseline Assessment of the SSS Internal Control System

In the review of the Internal Control System of SSS operation units/processes, the five internal control components (environment, risk assessment, control activities, information/communication, and monitoring) are present and functioning. The SSC finds that the SSS internal control system in both operations and support units needs improvement.

The Internal Audit Services Group (IASG) was then directed to report to the SSC the operational and support units that violated their mandates and corrective actions done by the IASG, including the imposition of sanctions for violations committed, and the improvement of the risk assessment, control activities and monitoring components of the internal control system.

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 financial statements, including the schedules attached therein, for the years ended December 31, 2017 and December 31, 2016 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Social Security System's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Social Security System or to cease operations, or has no realistic alternative to do so.

The Social Security Commission is responsible for overseeing the Social Security System's financial reporting process.

The Social Security Commission reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders or members.

The Commission on Audit, through its authorized representative, has examined the financial statements of the company pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 28 of the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions and the auditor, in its report to the stockholder or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



EMMANUEL F. DOOC
Vice Chairman, Social Security Commission
and President and CEO, SSS



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 Audit of the Financial Statements

Opinion

We have audited the financial statements of Social Security System (SSS), which comprise the statements of financial position as at December 31, 2017 and 2016, statements of comprehensive income, statements of changes in equity and statements of cash flows, and notes to the financial statements, including a summary of significant accounting policies for the years then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the SSS as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the SSS in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippine Public Sector, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 for the year ended December 31, 2017 required by the Bureau of Internal Revenue as disclosed in Note 34 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of Management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

COMMISSION ON AUDIT



ELIZABETH M. SAVELLA
Supervising Auditor

June 4, 2018

Statements of Financial Position

(in Philippine Peso)

As at December 31, 2017 and 2016

	Note	2017	2016 As restated
ASSETS			
Current assets			
Cash and cash equivalents	3	26,821,426,070	17,830,920,092
Financial assets	4.1	16,847,812,051	14,724,581,739
Receivables	5.1	4,566,519,389	7,243,590,466
Inventories	6	191,278,628	259,682,586
Non-current assets held for sale	7	5,966,330,784	4,336,866,810
Other current assets	8	12,272,251	17,429,982
Total Current Assets		54,405,639,173	44,413,071,675
Non-current assets			
Financial assets	4.2	326,900,661,415	318,857,542,993
Receivables	5.2	87,665,909,114	85,028,154,051
Investment property	9	30,892,248,159	22,994,258,201
Property and equipment - net	10	4,450,181,149	4,530,621,832
Intangible assets - net	11	203,095,350	237,252,642
Other non-current assets	12	347,748,743	335,583,885
Total Non-Current Assets		450,459,843,930	431,983,413,604
Total assets		504,865,483,103	476,396,485,279
LIABILITIES			
Current liabilities			
Financial liabilities	13	8,115,832,971	7,354,906,703
Inter-agency payables	14	178,002,873	172,209,608
Trust liabilities	15	654,719,321	605,437,289
Deferred credits/unearned income	16	122,309,497	28,113,117
Other payables	18	1,743,958,037	1,692,514,603
Total Current Liabilities		10,814,822,699	9,853,181,320
Non-current liabilities			
Financial liabilities	13	37,179,482	29,687,606
Deferred credits/unearned income	16	409,613,518	436,464,187
Provisions	17	1,466,426,806	1,607,005,231
Other payables	18	50,000,000	50,000,000
Total Non-Current Liabilities		1,963,219,806	2,123,157,024
Total Liabilities		12,778,042,505	11,976,338,344
EQUITY			
Revaluation surplus		2,879,088,355	2,879,088,355
Reserve fund		496,595,968,020	476,562,642,952
Cumulative changes in fair value		(8,161,549,950)	(15,650,037,897)
Member's equity		773,934,173	628,453,525
Total Equity	19	492,087,440,598	464,420,146,935
Total Liabilities and Equity		504,865,483,103	476,396,485,279

The Notes on pages 61 to 90 form part of these financial statements.

Statements of Comprehensive Income

(in Philippine Peso)

For the Years Ended December 31, 2017 and 2016

	Note	2017	2016 As restated
Income			
Service and business income	20	185,928,657,072	169,453,408,660
Gains	21	15,627,623,695	9,262,363,950
Other non-operating income	22	833,984,167	459,230,939
Total Income		202,390,264,934	179,175,003,549
Expenses			
Benefit payments	23	170,683,577,389	132,978,774,251
Personnel services	24	6,307,554,940	6,252,840,686
Maintenance and other operating expenses	25	3,001,041,031	2,955,768,330
Financial expenses	26	178,168,301	141,093,400
Non-cash expenses	27	2,486,101,229	4,959,964,551
Total Expenses		182,656,442,890	147,288,441,218
Profit		19,733,822,044	31,886,562,331
Assistance and subsidy	28	541,076,050	118,411,080
Net income		20,274,898,094	32,004,973,411
Other comprehensive income (loss) for the period		7,488,487,947	(3,001,759,577)
Comprehensive Income		27,763,386,041	29,003,213,834

The Notes on pages 61 to 90 form part of these financial statements.

Statements of Changes in Equity

(in Philippine Peso)

For the Years Ended December 31, 2017 and 2016

	Cumulative Changes in Fair Values of Investment	Revaluation Surplus	Reserve Fund	Member's Equity	Total
BALANCE AT JANUARY 1, 2016	(12,648,278,320)	2,879,088,355	444,755,464,150	538,103,227	435,524,377,412
CHANGES IN EQUITY FOR 2016					
Add/(Deduct):					
Members' contribution	-	-	-	118,710,050	118,710,050
Comprehensive income for the year	(3,001,759,577)	-	32,004,973,411	-	29,003,213,834
Other Adjustments	-	-	-	-	-
SSS' share in ECC & OSHC corporate operating budget	-	-	(176,144,500)	-	(176,144,500)
Withdrawal/Management cost	-	-	-	(52,754,429)	(52,754,429)
Guaranteed income/Annual incentive benefit	-	-	(14,609,462)	24,394,677	9,785,215
Reclassification from contingent surplus to reserve fund	-	-	(7,040,647)	-	(7,040,647)
	(3,001,759,577)	-	31,807,178,802	90,350,298	28,895,769,523
BALANCE, DECEMBER 31, 2016	(Note 19) (15,650,037,897)	2,879,088,355	476,562,642,952	628,453,525	464,420,146,935
CHANGES IN EQUITY FOR 2017					
Add/(deduct):					
Members' contribution	-	-	-	169,730,585	169,730,585
Comprehensive income for the year	7,488,487,947	-	20,274,898,097	-	27,763,386,044
Other Adjustments	-	-	-	-	-
SSS' share in ECC & OSHC corporate operating budget	-	-	(160,664,875)	-	(160,664,875)
Withdrawal/Management cost	-	-	-	(52,530,545)	(52,530,545)
Guaranteed income/Annual incentive benefit	-	-	(17,255,982)	28,280,608	11,024,626
Reclassification of property and equipment below P15K capitalization threshold to semi-expendable property	-	-	(63,652,172)	-	(63,652,172)
	7,488,487,947	-	20,033,325,068	145,480,648	27,667,293,663
BALANCE, DECEMBER 31, 2017	(Note 19) (8,161,549,950)	2,879,088,355	496,595,968,020	773,934,173	492,087,440,598

The Notes on pages 61 to 90 form part of these financial statements.

Statements of Cash Flows

(in Philippine Peso)

For the Years Ended December 31, 2017 and 2016

	Note	2017	2016 As restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Members' contribution		159,724,023,283	144,364,882,509
Investment and other income		16,364,942,953	20,707,435,157
Payments to members and beneficiaries		(170,684,504,454)	(132,977,719,470)
Payments for operations		(9,161,586,423)	(8,968,781,671)
Net cash generated from operating activities		(3,757,124,641)	23,125,816,525
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan releases and other investment purchases, net		12,957,656,853	(23,910,755,138)
Acquisition of property and equipment, net		(163,203,579)	(260,378,529)
Acquisition of intangible assets, net		(14,382,445)	(135,727,320)
Net cash used in investing activities		12,780,070,829	(24,306,860,987)
CASH FLOWS FROM FINANCING ACTIVITIES			
Corporate operating budget of:			
Employees' Compensation Commission		(77,396,200)	(83,124,300)
Occupational Safety and Health Center		(83,268,675)	(93,020,200)
Flexi-fund equity			
Contribution		149,315,183	103,555,450
Withdrawal		(46,441,841)	(47,479,019)
Guaranteed income		12,750,225	11,246,161
Management cost of investment		(6,014,460)	(5,175,409)
Annual incentive benefit		(1,725,598)	(1,460,946)
PESO fund equity			
Contribution		20,415,400	15,154,600
Withdrawal		(74,270)	(100,000)
Management cost of investment		26	-
Net cash used in financing activities		(32,440,210)	(100,403,663)
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,990,505,978	(1,281,448,125)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3	17,830,920,092	19,112,368,217
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	26,821,426,070	17,830,920,092

The Notes on pages 61 to 90 form part of these 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 P500,000 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 on 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) was 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, 2017, are as follows. All inter-fund accounts have been eliminated.

	SSS	EC-SIF	Total
Total assets	467,248,559,531	37,616,923,572	504,865,483,103
Liabilities	12,777,664,265	378,240	12,778,042,505
Equity	454,470,895,266	37,616,545,332	492,087,440,598
Total Liabilities and Equity	467,248,559,531	37,616,923,572	504,865,483,103

	SSS	EC-SIF	Total
Income	198,073,632,275	4,316,632,659	202,390,264,934
Expenses	181,340,754,174	1,315,688,716	182,656,442,890
Profit/(Loss)	16,732,878,101	3,000,943,943	19,733,822,044
Assistance and subsidy	541,076,050	-	541,076,050
Net Income	17,273,954,151	3,000,943,943	20,274,898,094
Other comprehensive income for the period	7,262,860,981	225,626,966	7,488,487,947
Total comprehensive income	24,536,815,132	3,226,570,909	27,763,386,041

The principal office address of SSS is located at East Avenue, Diliman, Quezon City. It has 171 local branches and 120 service and representative offices located in the various cities and municipalities of the country, and 23 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, 2017 (including the comparative financial statements as of and for the year ended December 31, 2016) were approved and authorized for issue by the SSC on April 11, 2018.

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 2017 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, 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.

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 2017 that are not relevant to the System

Other standards, amendments and interpretations which become effective for the financial year beginning on January 1, 2017 are considered not relevant to the company, as follows:

- 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.
- 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.

c. Effective subsequent to 2017 but not adopted early

Relevant new and revised PRFS which are not yet effective for the year ended December 31, 2017 and have not been applied in the preparation of the financial statements are summarized below.

Effective annual periods beginning on or after January 1, 2018:

- Amendments to PAS 40 – *Transfers of Investment Property* – The amendments clarify when an entity should transfer property including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intention for the use of a property does not provide evidence of a change in use. The amendments will eliminate diversity in practice.
- 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.
- PFRIC Interpretation 22 – *Foreign Currency Transactions and Advance Consideration* – The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The amendments are intended to eliminate diversity in practice, when recognizing the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration received or paid in foreign currency.
- Amendments to PFRS 1, *First-time Adoption of PFRS*. The amendments deleted short-term exemptions for first-time adopters regarding PFRS 7, *Financial Instruments – Disclosures*, PAS 19, *Employee Benefits* and PFRS 10.

- Amendments to PAS 28, *Investments in Associates and Joint Ventures*. The amendments clarify that the election to measure at FVTPL an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

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.
- PFRIC Interpretation 23 – *Uncertainty over Income Tax Treatments* – The interpretation specifically addresses (a) whether an entity considers uncertain tax treatments separately (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities (c) how an entity determines taxable profit (tax loss), tax bases unused tax losses, unused tax credits and tax rates and (e) how an entity considers changes in facts and circumstances. Applying the interpretation could be challenging for entities, particularly those that operate in more complex multinational tax environments. Entities may also need to evaluate whether they have established appropriate processes and procedures to obtain information on a timely basis that is necessary to apply the requirements in the interpretation and make the required disclosures.
- Amendments to PFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*. These amendments confirm that when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rates.
- Amendments to PAS 28, *Investment in Associates – Long-term Interests in Associates and Joint Ventures*. These amendments clarify that an entity applies PFRS 9, *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Effective for reporting periods beginning on or after January 1, 2021:

- PFRS 17 – *Insurance Contracts* – PFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.
- The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. The core model of IFRS 17 is the general model, supplemented by (a) a specific adaptation for contracts with direct participation features (the variable fee approach) (b) a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfillment of cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfillment of cash flows of a group of contracts, representing unearned profitability of the insurance contracts to be recognized in profit or loss over the service period.
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognized in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept services provided during the period.
- Amounts that the policy holder will always receive regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognized directly on the balance sheet.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts

IFRS 17, together with IFRS 9, will result in a profound change to the accounting in IFRS financial statements for insurance companies. This will have a significant impact on data, systems and processes used to produce information for financial reporting purposes. The new model is likely to have a significant impact on the profit and total equity of some insurance companies, resulting in increased volatility compared to the present model.

- Amendments to PFRS 3, *Business Combinations and PFRS 11, Joint Arrangements – Re-measurement of Previously Held Interests in a Joint Operation*. The amendments to PFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to PFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.
- Amendments to PAS 12, *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
- Amendment to PAS 23, *Borrowing Costs – Eligibility for Capitalization*. The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

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 and cash equivalents comprise cash on hand and cash in bank, deposit on call and highly liquid investments with original maturity of three months or less, which are readily convertible to known amount of cash 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. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operation of the SSS.

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 and construction in progress, 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 revaluation surplus 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. 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 asset are completed and put into operational use.

The initial cost of property and equipment consist of its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs necessary in bringing the asset to its working condition and location for its intended use. Cost also includes initial estimate for dismantling and removing the item or restoring the site on which it is located, the obligation for which an entity incurs when the item is acquired.

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. An item of property and equipment is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses on the retirement and disposal of an item of property and equipment are recognized in the consolidated statements of income in the period of retirement or disposal.

Expenditures incurred after the item has been put into operations, such as repairs and maintenance, are normally recognized as expense in the period such cost are 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 and construction in progress have residual value equivalent to ten per cent of the acquisition cost.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is recorded or charged to current operations.

Pursuant to COA Circular 2016-006 dated December 29, 2016, SSS issued Office Order No. 2017-019 dated March 17, 2017 to align with the Revised Chart of Accounts for Government Corporations. Items whose amounts are below the capitalization threshold of P15,000 shall be accounted as semi-expendable property or furniture and equipment.

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 or whenever there is an indication that the assets may be impaired.

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. Upon in-depth assessment that properties classified as non-current held for sale ceases to meet the conditions set under IFRS 15, such assets will be reclassified to other asset classification which best suits the individual assessment criteria of the property. The reclassification will be subject to the approval of the SSS Commission.

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. Members' 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

The SSS regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the system, or vice versa. The key management personnel of the SSS are the following: (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:

	2017	2016
Cash on hand	725,166,750	697,559,982
Cash in bank	1,810,819,609	1,886,074,804
Cash equivalents	24,285,439,711	15,247,285,306
	26,821,426,070	17,830,920,092

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 0.40 per cent to 1.9 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, 2017, P96 million is being maintained in several banks for such purpose.

Interest income earned from cash in banks and term deposits amounted to P499.19 million and P325.06 million as at December 31, 2017 and 2016, respectively (See Note 20).

4. FINANCIAL ASSETS

4.1 Current Financial Assets

This account is composed of financial assets at fair value through surplus/profit or deficit/loss and investment in bonds maturing within the year.

	2017	2016
Financial assets designated at fair value through surplus/profit or deficit/loss		
Government securities	10,514,602,646	1,114,690,177
Equities – stocks	5,712,048,471	6,426,563,297
Corporate bonds	93,065,507	97,117,653
Externally managed fund	1,011,565	1,009,237
	16,320,728,189	7,639,380,364
Financial assets – held to maturity		
Investment in bonds – local		
Government bonds	517,050,000	646,700,000
Government notes	10,033,862	-
Corporate notes	-	5,938,501,375
Corporate bonds	-	500,000,000
	527,083,862	7,085,201,375
Total current financial assets	16,847,812,051	14,724,581,739

The fair value of financial assets through surplus/profit or deficit/loss 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.

Government securities classified as held-for-trading increased significantly in CY 2017, and there are no maturing corporate notes and bonds in CY 2018 to be classified as current assets.

The costs of the financial assets are as follows:

	2017	2016
Government securities	10,554,284,665	1,152,394,743
Equities – stocks	5,298,347,407	6,656,857,292
Corporate bonds	100,472,351	100,472,351
Externally managed fund	1,000,000	1,000,000
	15,954,104,423	7,910,724,386

4.2 Non-Current Financial Assets

	2017	2016
Financial assets – held to maturity		
Investment in bonds – local		
Government bonds	191,756,311,666	182,924,468,566
Corporate bonds	20,843,130,000	20,797,530,000
Corporate notes	10,356,300,000	10,374,600,000
Government notes	500,000,000	510,068,289
	223,455,741,666	214,606,666,855
Financial asset – available for sale securities	104,736,784,277	105,542,740,666
Allowance for impairment	(1,291,864,528)	(1,291,864,528)
	103,444,919,749	104,250,876,138
Total non-current financial assets	326,900,661,415	318,857,542,993

The fair value of the marketable securities classified as AFS financial asset as at December 31, 2017 and 2016 is P101.60 billion and P102.40 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.

Notes and bonds earn interest at 2.125 to 8.50 per cent depending on the amount and terms of the investment. Interest income earned from investments in bonds – local as at December 31, 2017 and 2016 is P13.21 billion and P12.52 billion, respectively.

5. RECEIVABLES

5.1 Current Receivables

	2017	2016
Loans and receivable accounts		
Accounts receivable	497,688	5,725,100
Interest receivable	3,311,675,908	3,289,604,212
Dividends receivable	33,217,293	32,500,680
Loans receivable – other government corp.	-	457,526,254
Sales contract receivable	10,322,407	8,640,713
	3,355,713,296	3,793,996,959
Lease receivable		
Operating lease receivable	74,740,243	84,015,528
Other receivables		
Receivables – disallowances/charges	27,616,870	29,562,172
Due from officers and employees	1,535,160	1,568,028
Insurance claims receivable	-	918,260
Other receivables	1,106,913,820	3,333,529,519
	1,136,065,850	3,365,577,979
Total current receivables	4,566,519,389	7,243,590,466

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, 2017 and 2016. This account is credited whenever cash is collected, either monthly, quarterly, semi-annually or annually depending on the interest payment date of the investment. On the other hand, the policy on the accrual of interest for Member Loans (ML) and Housing Loans (HL) will be formulated for integration in the electronic Loan

Management System (e-LMS) in accordance with related policy enhancements for loans granting, billing, payment, posting and reporting. The system will be enhanced to facilitate accurate computation, clearing, reconciliation and reporting of accrual and collection transactions which shall be the basis in recording interest income and receivable. Meantime, the unrecorded accrued interest for ML and HL including Sales Contract Receivables is estimated at around P749 million and P693 million as at December 31, 2017 and 2016, respectively, computed following the provisions of the BSP Circular Nos. 202 and 772 on Non-performing loans. The circular states that "No accrual of interest income is allowed if a loan has become non-performing as defined under this Circular. Interest on non-performing loans shall be taken up as income only when actual payments thereon are received. In the case of loans payable in monthly installments, the total outstanding balance thereof shall be considered non-performing when three (3) or more installments are in arrears."

Loans receivable from the National Home Mortgage Corporation classified as moderate delinquent (Mod Del) will expire on January 1, 2018, thus, unpaid balance is recognized as non-current.

Operating lease receivables represent accrual of rental income from tenants of SSS which are collectible within a year. Income collected as at December 31, 2017 and 2016 amounted to P6.60 million and P9.18 million, respectively.

Receivable - disallowances/charges are disallowances in audit due from SSS officials and employees which have become final and executory.

Other receivables consisting of Receivable - Collecting Banks/Agents (CB/CA) account represents premiums and loans receivables collected by banks and remittance companies accredited by SSS but collection documents or electronic data files were not yet submitted to SSS as at December 31, 2017 and 2016. 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 P1.72 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 electronic Collection System which will be implemented in January 16, 2018 will facilitate the real-time recording/posting of SSS contribution payments. All accredited bank and non-bank payment channels are mandated to shift from the current process of collecting and reporting into an electronic payment system using the Payment Reference Number (PRN) in the payment of contributions. All payment channels shall equip their system to accept the PRN of the electronically-generated collection list on or before February 4, 2018.

5.2 Non-Current Receivables

	2017	2016
Loans and receivables accounts		
Accounts receivable	87,630,638,578	82,962,579,069
Allowance for impairment - accounts receivable	(7,955,144,003)	(6,287,426,038)
Net value - accounts receivable	79,675,494,575	76,675,153,031
Interest receivable	12,713,176,773	12,713,910,411
Allowance for impairment - interest receivable	(12,707,637,959)	(12,707,637,959)
Net value - interest receivable	5,538,814	6,272,452
Loans receivable - other government corp.	10,253,702,881	9,998,396,352
Allowance for impairment - loans receivable - other government corp.	(4,711,440,496)	(4,482,415,902)
Net value - loans receivable - other government corp.	5,542,262,385	5,515,980,450
Sales contract receivable	984,139,142	869,180,938
Allowance for impairment - interest receivable	(41,206,524)	(31,522,356)
Net value - interest receivable	942,932,618	837,658,582
Total loans and receivables	86,166,228,392	83,035,064,515
Lease receivable		
Operating lease receivable	13,880,442	14,581,294
Allowance for impairment - operating lease	(13,880,439)	(14,581,291)
Net value- operating lease receivable	3	3
Other receivable		
Due from officers and employees	251,716,637	221,530,095
Other receivables	1,731,546,136	2,419,027,812
Allowance for impairment - other receivable	(483,582,054)	(647,468,374)
Net value - other receivable	1,247,964,082	1,771,559,438
Total other receivable	1,499,680,719	1,993,089,533
Total non-current receivable	87,665,909,114	85,028,154,051

Accounts receivable account is composed of short-term loans, housing loans, commercial and industrial loans to SSS members.

	2017	2016
Member loans	85,313,922,066	80,395,895,902
Housing loans	2,229,197,190	2,476,228,000
Commercial and industrial loans	70,300,102	73,235,947
Program member assistance for development entrepreneurship (MADE)	17,219,220	17,219,220
Total	87,630,638,578	82,962,579,069
Allowance for impairment	(7,955,144,003)	(6,287,426,038)
Net value - accounts receivable	79,675,494,575	76,675,153,031

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

	Interest Rate (Per Annum)
Member loans	3.0 to 10.0
Housing loans	3.0 to 12.0
Commercial and industrial loans (CIL)	2.5 to 14.0
Loan to other govt. corp. - NHMFC	4.0
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, 2017, member-borrowers availment of the LRP reached to 856,437 with total loanable amount of P13.83 billion and condonable penalty of P13.46 billion.

The Educational Assistance Loan Program amounted to P4.76 billion consisting of the 50:50 SSS and NG shares, has been expended/extended as loans to member beneficiaries as at December 31, 2017. 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 and penalty on overdue amortization as at December 31, 2017 and 2016 is P10.12 million and P0.81 million, respectively.

Executive Order No. 90 mandated NHMFC to be the major government home mortgage institution whose initial main function was to operate a viable home mortgage market, utilizing long-term funds principally provided by the SSS, the Government Service Insurance System, and Home Development, to purchase mortgages originated by both the private and public institutions within the Unified Home Loan Program (UHLP) guidelines. In accordance with the mandates of EO 90, the SSC in its Resolution No. 504 dated August 4, 1988 approved the long-term funds to NHMFC for low-income SSS members. Total loan releases from 1988 to 1995 amounted to P30.075 billion with a total housing loan borrowers/beneficiaries of 135,229. In 1996, a substantial number of UHLP Portfolio borrowers defaulted in the payment of their loans to NHMFC, thereby causing NHMFC also to default in its payments to SSS. To address the deterioration of NHMFC's financial position, a Memorandum of Agreement dated June 5, 1996 was executed by the parties. In December 17, 2003, the SSC under Resolution No. 684 approved the restructuring of NHMFC's total obligations of P40.515 billion broken down into: Principal (Low, Mod & High Del) - P27.94 billion, Accrued Interest - P11.961 billion and Penalty - P0.614 billion. On-going joint meetings are conducted and collection letters have been sent to NHMFC for the settlement of the latter's outstanding loan obligation. As of December 31, 2017, the outstanding principal balance is P10.25 billion.

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. As of December 31, 2017, settlement negotiations are ongoing.

Movements during the year in accumulated impairment losses of non-current receivables are as follows:

	Balance, January 1	Additional Provision	Recovery/ Reversal	Balance, December 31
Loans and receivable	23,509,002,255	2,196,385,816	289,959,089	25,415,428,982
Lease receivable	14,581,291	4,780,768	5,481,620	13,880,439
Other receivable	647,468,374	1,362,772	165,249,091	483,582,054
	24,171,051,919	2,202,529,356	460,689,800	25,912,891,476

The net impairment provisions for 2017 and 2016 amounted to P2.20 billion and P4.43 billion, 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.

6. INVENTORIES

This account is composed of the following:

	2017	2016
Office supplies inventory	121,700,964	109,933,994
Accountable forms inventory	51,486,804	138,302,145
Drugs and medicines	17,297,970	10,709,825
Medical, dental and laboratory supplies inventory	792,890	736,622
	191,278,628	259,682,586

Supplies and materials used or consumed as at December 31, 2017 and 2016 amounted to P229.51 million and P227.28 million, respectively (See Note 25).

7. NON-CURRENT ASSETS HELD FOR SALE

This account is composed of the following:

	Land	Building	Acquired assets/ Registered	Total
Carrying amount, January 1, 2017	3,711,788,320	124,697,603	517,343,374	4,353,829,297
Accumulated impairment loss	(5,505,264)	(3,344,104)	(8,113,120)	(16,962,488)
Net carrying amount, January 1, 2017	3,706,283,056	121,353,499	509,230,254	4,336,866,809
Additions	-	-	311,975,395	311,975,395
Transfers from Investment property	1,040,140,586	624,660,826	-	1,664,801,412
Disposals	(46,474,821)	(34,779,569)	(229,260,849)	(310,515,239)
Impairment (loss)/recovery	3,524,760	(31,510,421)	(8,811,932)	(36,797,593)
Fair value, December 31, 2017	4,703,473,581	679,724,335	583,132,868	5,966,330,784
Fair value, December 31, 2016	3,706,283,057	121,353,500	509,230,253	4,336,866,810

The fair value of non-current asset held for sale (NCAHFS) 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, 2017, the impairment loss of P45.50 million and recoveries/reversals of impairment of P8.06 million are recognized in profit or loss (See Note 27).

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 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.

NCAHFS are real and other properties acquired (ROPA) which are held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. As of December 31, 2017, SSS has sold 379 properties through cash and installment bases generating gain on sale amounting P254.26 million and transferred one ROPA to IP and twelve properties reclassified from IP with total book value of P1.66 billion.

ROPA can be leased out momentarily while waiting for its sale to maximize its potential income. Rental income recorded as of December 31, 2017 and 2016 amounted to P88.98 million and P81.75 million, respectively.

8. OTHER CURRENT ASSETS

This account is composed of the following:

	2017	2016
Advances	1,539,394	2,232,387
Prepayments	10,732,857	15,197,595
	12,272,251	17,429,982

Advances account consist of advances to Special Disbursing Officer and Officers and Employees.

9. INVESTMENT PROPERTY

This account is composed of the following:

	Land	Building	Development Cost	Total
Fair value, January 1, 2017	18,997,008,718	3,987,563,645	9,685,838	22,994,258,201
Transfers to NCAHFS	(1,040,140,586)	(624,660,826)	-	(1,664,801,412)
Disposals	-	(65,739,390)	-	(65,739,390)
Fair value gain (loss)	7,383,776,189	2,244,754,571	-	9,628,530,760
Fair value, December 31, 2017	25,340,644,321	5,541,918,000	9,685,838	30,892,248,159
Fair value, December 31, 2016	18,997,008,718	3,987,563,645	9,685,838	22,994,258,201

The costs of investment property as at December 31, 2017 and 2016 is P6.20 billion and P7.44 billion, respectively.

The fair value of investment property is determined based on the Cost and Market Approach methods performed by independent appraisers, non-recurring and is Level 3 based on the level of fair value hierarchy due to unobservable inputs. Market values were based on the evidence of reliable transactions like recent land sales and sales offerings of comparable properties within the vicinity and the application of land capitalization rate. Data gathered from interviews with brokers and other real estate practitioners who are conversant with the property market were also used as bases. Adjustment factors were likewise considered such as the date of appraisal, size, location, corner/road influence, and conditions of sale.

The fair value gain on the land and building recognized as of December 31, 2017 and 2016 is P9.63 billion and P3.68 billion, respectively. The result of the 2017 valuation report shows significant increase in Fair Value of the land, specifically on FCA 5 site (site 1), Makati, Aseana, and on building, specifically the Philam property and Cyber One (Eastwood, Libis), due to the economic boom and extensive development in the area and the scarcity of available land for sale/development in the vicinity, not to mention the prime location and saleable features of the properties.

The following amounts are recognized in the statements of profit or loss and other comprehensive income. (See Note 20 and 21)

	2017	2016
Gain (loss) on fair value adjustment	9,628,530,760	3,678,077,370
Rental income	458,964,849	543,138,606
Gain (loss) on sale/disposal	10,492,053	86,173,250
Penalty on rentals	1,106,753	955,284
Direct operating expenses	(137,651,242)	(71,317,913)
Impairment loss	(104,417)	(401,739)
	9,961,338,756	4,236,624,858

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 generating investment properties as of December 31, 2017 and 2016 is P117.99 million and P66.53 million, respectively.

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

	2017	2016
Selling price	76,231,443	271,060,000
Acquisition cost	(61,791,390)	(107,403,177)
Fair value gain (loss)	14,440,053	163,656,823

As of December 31, 2017, 15 units from the three investment properties were sold, 12 properties were reclassified to NCAHFS and one property was transferred to IP from NCAHFS.

10. PROPERTY AND EQUIPMENT - NET

This account is composed of the following:

	Land	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, 2017	3,317,260,000	10,752,881	1,372,138,787	2,991,412,591	47,558,703	7,739,122,962
Additions	-	-	-	148,714,856	17,059,629	165,774,485
Retirement/cancellations/ disposal/adjustments	-	-	-	(309,860,704)	(208,078)	(310,068,782)
December 31, 2017	3,317,260,000	10,752,881	1,372,138,787	2,830,266,743	64,410,254	7,594,828,665
Accumulated depreciation						
January 1, 2017	-	8,376,401	832,049,680	2,228,553,631	-	3,068,979,712
Charge for the period	-	347,779	29,764,734	151,289,087	-	181,401,600
Retirement/cancellations/ disposal/adjustments	-	-	-	(245,255,214)	-	(245,255,214)
December 31, 2017	-	8,724,180	861,814,414	2,134,587,504	-	3,005,126,098
Accumulated impairment loss						
January 1, 2017	-	948,351	138,573,067	-	-	139,521,418
Impairment loss	-	-	-	-	-	-
December 31, 2017	-	948,351	138,573,067	-	-	139,521,418
Net book value, December 31, 2017	3,317,260,000	1,080,350	371,751,306	695,679,239	64,410,254	4,450,181,149

	Land	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	3,317,260,000	10,752,881	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	3,317,260,000	10,752,881	1,372,138,787	2,991,412,591	47,558,703	7,739,122,962
Accumulated depreciation						
January 1, 2016	-	8,376,401	854,112,388	2,196,502,783	-	3,058,991,172
Charge for the period	-	-	30,875,328	153,702,839	-	184,578,167
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	3,317,260,000	1,428,129	401,516,040	762,858,960	47,558,703	4,530,621,832

Among the property, plant and equipment, only land is subject to revaluation. It was revalued by 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 were stated on the historical cost basis, the carrying amount for 2017 is the same as 2016 amounting to P475.11 million.

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, 2017 and 2016 is P2.88 billion and this is not subject to any appropriations as at end of the reporting period.

Out of the P309.86 million retired/cancelled/disposed/adjusted property, plant and equipment P63.65 million are semi-expendable property.

Rental income-operating assets amounting to P6.0 million and P9.18 million as of December 31, 2017 and 2016 were included in the statements of profit or loss and other comprehensive income.

As of December 31, 2017, the total carrying amount of fully depreciated property and equipment that are still in use is P25.58 million and assets already retired from active use and held for sale amounted to P0.85 million.

11. INTANGIBLE ASSETS - NET

This account is composed of the following:

	2017	2016
Cost		
Balance, January 1	718,833,852	593,431,886
Additions	14,382,445	135,727,320
Retirement/disposals/cancellation	(24,749)	(10,325,354)
Balance, December 31	733,191,548	718,833,852
Accumulated amortization		
Balance, January 1	405,752,983	376,330,764
Amortization charge for the period	48,539,737	39,746,904
Retirement/disposals/cancellation	(24,749)	(10,324,685)
Balance, December 31	454,267,971	405,752,983
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	203,095,350	237,252,642

Intangible assets with indefinite life only include computer software. The carrying amount as at December 31, 2017 and 2016 is P60.70 million. All intangible assets with definite lives are amortized with the period of five years or twenty per cent annual amortization rate.

12. OTHER NON-CURRENT ASSETS

This account is composed of the following:

	2017	2016
Deposits	78,713,545	73,569,002
Other assets	269,309,513	262,459,572
Accumulated impairment- other assets	(274,315)	(444,689)
Net value- other assets	269,035,198	262,014,883
	347,748,743	335,583,885

Other assets consist of fire insurance premium (FIP) and mortgage redemption insurance (MRI) advanced by SSS for properties mortgaged to the SSS. During the year 2017, additional provision of impairment loss amounted to P59,550 while the recovery/reversal recognized was P229,924.

13. FINANCIAL LIABILITIES

This account is composed of the following:

	2017	2016
Current financial liabilities	8,115,832,971	7,354,906,703
Non-current financial liabilities	37,179,482	29,687,606
	8,153,012,453	7,384,594,309

Current liabilities comprise of SSS' obligations to members, suppliers and other creditors. Accounts payable and accrued expenses as at December 31, 2017 amounted to P5.82 billion and P2.30 billion, respectively. The non-current portion represents rent payables for lease contracts entered by the SSS for the use of its various branches.

14. INTER-AGENCY PAYABLES

This account is composed of the following:

	2017	2016
Due to BIR	89,560,457	89,558,655
Due to GSIS	72,878,772	67,462,704
Due to Philhealth	5,631,792	5,143,210
Due to SSS	5,036,939	5,283,562
Due to Pag-IBIG	4,706,839	4,573,449
Due to LGUs	188,074	188,028
	178,002,873	172,209,608

This account includes withholding taxes, contributions to GSIS, PHIC, HDMF and loan amortization due to SSS which were deducted from the payroll of SSS employees.

15. TRUST LIABILITIES

This account is composed of the following:

	2017	2016
Trust liabilities	294,150,961	279,314,245
Guaranty/ security deposits payable	228,465,408	203,178,716
Customers' deposits payable	132,102,952	122,944,328
	654,719,321	605,437,289

Trust liabilities includes among others, funds held in trust from officials and employees deducted from their separation/retirement claims for the benefits received but subsequently disallowed in audit as at December 31, 2017 amounted to P223.59 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.

Guaranty/security deposits payable is composed of bidder's deposits, performance or cash bonds and retention money from winning bidders in the procurement of goods and services, infrastructure and consultancy services.

Customers' deposits payable are rental deposits made by tenants of SSS properties.

16. DEFERRED CREDITS/UNEARNED INCOME

This account is composed of the following:

	2017	2016
Current unearned income	122,309,497	28,113,117
Non-current unearned income	409,613,518	436,464,187
	531,923,015	464,577,304

The current unearned income represents advance rental payments from tenants of SSS properties and the non-current portion 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.

17. PROVISIONS

The accrued retirement benefits of employees as at December 31, 2017 and 2016 are as follows:

	2017	2016
Leave benefits payable	727,694,711	870,551,608
Retirement gratuity payable	641,074,473	641,074,474
Other provisions	97,657,622	95,379,149
	1,466,426,806	1,607,005,231

Leave benefits payable represent the cash value of the accumulated vacation and sick leave credits of employees, 50 per cent of which can be monetized once a year and the balance payable upon resignation/retirement. As of December 31, 2017, there were 2,571 employees who availed of the monetization of leave credits with total amount of P108.37 million.

Retirement gratuity payable 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.

Other Provisions pertain to Retirement Incentive Award (RIA) given to employees with at least 20 years of creditable service and are entitled to P2,000 for every year of service upon retirement. As of December 31, 2017, 72 employees were given RIA in the total amount of P4.90 million.

18. OTHER PAYABLES

This account is composed of the following:

	2017	2016
Current other payables	1,743,958,037	1,692,514,603
Non-current other payables	50,000,000	50,000,000
	1,793,958,037	1,742,514,603

The current portion of Other Payables account represent the 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 is composed of the following:

	2017	2016
Member loans (ML) collection	1,418,480,291	1,476,853,447
Undistributed collection	169,486,072	77,902,695
OFW collections	89,213,365	99,434,795
Sales contract receivable	57,701,653	38,315,758
Real estate loans collection	9,055,712	7,908
Employees' housing loan program	20,944	-
	1,743,958,037	1,692,514,603

On member loans collection, the SSS has undertaken various efforts to address the posting issues and expedited the reconciliation process through (1) enhancing computer programs and systems, (2) continues sending of Lists of No Collection Reports to branches and (3) regular clean-up of unpostables and reconciliation. These undertakings resulted to decrease in unposted/undistributed repayments.

On the other hand, the modules in the electronic Loan Management System (e-LMS) will aid in the management of the undistributed collections on member loans. Billing and collection module will hasten posting of payments and minimize unpostables through simplified process in the issuance of billing and receipt of collection list. Loan Record Management module will facilitate availability of reports on employers payments without collection list and with collection list but underpaid. The posting of loan payments under the Payment Management module will be based only from Cash Collection System without manual encoding of loan payments.

19. RESERVES

The SSS Reserves is composed of the following:

	2017	2016
Reserve fund	496,595,968,020	476,562,642,952
Revaluation surplus	2,879,088,355	2,879,088,355
Members' equity	773,934,173	628,453,525
Cumulative changes in fair value	(8,161,549,950)	(15,650,037,897)
	492,087,440,598	464,420,146,935

19.1 Investment reserve fund (IRF)

All revenues of 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 dated September 5, 2007, the SSC adopted the use of acquisition cost as the basis in computing the 30 per cent exposure limit for shares of stocks in equity investments based on the opinion of the Legal and Adjudication Sector of COA dated June 25, 2007.

19.2 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.

In January 2007, the contribution rate was increased to 10.4 per cent. On the other hand, two sets of 10 per cent across-the-board increases were given in September 2006 and in August 2007. The effects of these developments were reflected in the 2007 Actuarial Valuation, which showed that the actuarial life will last until 2039.

The SSF life extended further to 2043 when the result of the 2011 Actuarial Valuation was published in 2014, 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 5 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 2015 Actuarial Valuation was then updated to consider the P1,000 additional pension allowance implemented in January 2017. This update showed a reduction of the fund life by ten years to 2032.

The summary of results of the updated 2011 Valuation, as well as the previous 2015 Actuarial Valuation results, are presented in the table below. There are two columns under the 2015 Valuation: (1) the original results as published in the 2015 Actuarial Valuation report; and (2) the updated results that take into consideration the P1,000 additional pension allowance.

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

Key Projection Results	2011 Valuation*	2015 Valuation	
		Original**	Updated***
No future across-the-board increase in pensions	Year fund will last 2042	2042	2032
	Year net revenue becomes negative 2034	2034	2022

*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

***Updated results upon considering the effect of the P1,000 additional pension allowance effective January 2017

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**	
		Original	Updated
Liability	1.56	3.87	5.08
Reserve fund	0.34	0.40	0.40
Unfunded liability	1.22	3.47	4.68

*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 original 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 original 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. On the other hand, the increase in unfunded liability by P1.21 trillion from the original to the updated 2015 Valuation is due to P1,000 additional pension allowance implemented in January 2017. 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 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 raising the contribution rate, improving the contribution collection, 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.

19.3 Revaluation Surplus

Revaluation surplus is the result of revaluation of assets. The balance represents the excess of revaluation/appraisal value over the book value of the revalued asset.

19.4 Members' Equity

Members' equity represents the contributions of Flexi Fund and PESO Fund members which earn interest based on guaranteed rates. Guaranteed earning shall be computed based on SSS' short term peso placement rate or 91-day Treasury Bill rate, whichever is higher for Flexi Fund, and for PESO Fund, it shall be based on the 5-year Treasury Bond rate and 364-day Treasury Bill rate.

19.5 Cumulative Changes in Fair Value

	2017	2016
Balance, January 1	(15,650,037,897)	(12,648,278,320)
Net gain (loss) arising on revaluation of AFS financial assets	7,663,808,305	(2,820,600,913)
Cumulative gain (loss) reclassified to profit or loss on sale/disposal of AFS financial assets	(175,320,358)	(181,158,664)
Balance, December 31	(8,161,549,950)	(15,650,037,897)

The cumulative changes in fair value represents the investments revaluation reserves 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.

20. SERVICE AND BUSINESS INCOME

This account is composed of the following:

	2017	2016
Members' contribution	158,359,431,047	143,327,699,608
Interest income	20,585,521,009	19,180,048,856
Dividend income	3,287,619,488	3,499,486,199
Fines and penalties- business income	2,682,336,974	2,392,734,874
Rent/lease income- investment property	458,964,849	543,138,606
Income from acquired/foreclosed assets	89,070,944	83,144,743
Management fees	6,014,775	5,176,996
Other business income	459,697,986	421,978,778
	185,928,657,072	169,453,408,660

Members' contributions collections from employed sector registered the biggest amount of collection at P137.16 billion, followed by voluntary paying members at P15.07 billion and self-employed at P7.02 billion. The number of paying members as at December 31, 2017 and 2016 reached to 15,107,327 and 14,165,247, respectively.

Interest income is derived from the following SSS investments:

	2017	2016
Investment in bonds-local		
FAFVTPPL	13,032,997,435	12,459,220,047
HTM	177,505,533	61,922,963
	13,210,502,968	12,521,143,010
Loans and receivables	6,870,690,588	5,930,100,109
Current/savings/term deposits	499,195,681	325,062,364
Time deposits	-	391,447,530
Others	5,131,772	12,295,843
	20,585,521,009	19,180,048,856

Other business income includes among others service fees on salary loans granted and income from SSS ID replacement amounting P337.32 million and P110.72 million, respectively, as of December 31, 2017.

21. NON-OPERATING INCOME/GAIN

	2017	2016
Gains		
Gain from changes in fair value of investment property	9,628,530,760	3,697,660,292
Gain on sale/redemption/transfer of investment	5,341,245,650	5,477,894,258
Gain from changes in fair value of financial instruments	643,997,387	9,237
Gain on sale of investment property	10,492,053	86,173,250
Gain on foreign exchange (FOREX)	2,988,723	
Gain on sale of property and equipment	369,122	626,913
Total gains	15,627,623,695	9,262,363,950

Investment properties are remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in arm's length transaction. Gain or losses arising from changes in the fair value of the investment property must be included in net profit or loss for the period in which it arises. The fair value gain on investment properties as at December 31, 2017 is brought about by the continuous developments and economic growth in the country's Central Business Districts and the rising demand for space in the areas where SSS properties are located.

22. OTHER NON-OPERATING INCOME

	2017	2016
Other non-operating income		
Reversal of impairment loss	464,306,953	93,202,920
Miscellaneous income	369,677,214	366,028,019
Total other non-operating income	833,984,167	459,230,939

The SSS considers certain financial assets to have recovered from impairment losses amounting to P464.31 million due to the enhanced loan collection efforts and the implementation of loan restructuring. Majority of the recoveries came from member loans and deficiency claim from Waterfront Phils. Inc. (WPI) of P287.56 million and P164.43 million, respectively.

23. BENEFIT PAYMENTS

This account represents payments to members and their beneficiaries in the event of disability, sickness, maternity, old age, death and other contingencies resulting in loss of income or financial burden. Total benefit payments for the year amounted to P170.68 billion, of which P33.21 billion represents the P1,000 additional pension benefit starting January 2017. The 3rd and 4th tranches pension adjustment arising from un-lumping of 1985 to 1989 contributions amounted to P72.43 million and P66.92 million were given in June 2017 and September 2017, respectively, to retirement, SS death and SS disability pensioners.

The total number of claims for benefit payments for the years 2017 and 2016 reached 30,622,749 and 27,111,688, respectively.

24. PERSONNEL SERVICES

This account is composed of the following:

	2017	2016
Salaries and wages	2,875,007,885	2,654,150,776
Other compensation	1,548,263,548	1,673,197,115
Personnel benefit contribution	1,536,614,733	1,419,614,826
Other personal benefits	347,668,774	505,877,969
	6,307,554,940	6,252,840,686

Provident fund, which forms part of the personnel benefit 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.

SSS celebrated its 60th anniversary in September 2017 and a P3,000 anniversary milestone bonus is granted to its officials and employees in accordance with the provisions specified under DBM National Budget Circular No. 452 dated May 20, 1996 and Administrative Order No. 263 dated March 28, 1996.

As of December 31, 2017, SSS has a total of 6,798 regular and casual employees of which 594 new employees but net of 184 retired/separated employees.

25. MAINTENANCE AND OTHER OPERATING EXPENSES

This account is composed of the following:

	2017	2016
Labor and wages	467,626,716	501,416,703
General services	321,510,234	290,711,477
Repairs and maintenance	278,069,092	281,650,944
Communication expenses	263,169,988	246,124,417
Utility expenses	236,116,889	226,496,745
Supplies and materials expenses	229,507,600	227,282,788
Traveling expenses	72,010,612	68,005,535
Professional expenses	68,197,712	69,685,400
Training and scholarship expenses	62,653,428	57,709,702
Taxes, insurance premiums and other fees	18,120,264	18,780,327
Confidential, intelligence and extraordinary expenses	1,830,125	1,765,333
Other maintenance and operating expenses	982,228,371	966,138,959
	3,001,041,031	2,955,768,330

Other maintenance and operating expenses consist of the following:

	2017	2016
Advertising, promotional and marketing expenses	95,596,137	109,313,804
Printing and publication expenses- ID card production	181,438,344	234,001,819
Printing and publication expenses-photocopying/others	36,150,787	27,816,268
Freight charges	19,722,703	19,946,095
Office space rentals	284,033,513	248,987,678
Membership dues and contributions to organizations	9,373,286	6,386,972
Subscription expenses	42,571,530	68,288,720
Donations	15,425,751	4,569,379
Directors and committee members' fees	25,728,907	20,355,518
Fees and commission expenses – collection agency charges	81,920,851	54,148,335
Fees and commission expenses – data capture fee	154,417,664	136,039,641
Other maintenance and operating expenses	35,848,898	36,284,730
	982,228,371	966,138,959

26. FINANCIAL EXPENSES

This account is composed of the following:

	2017	2016
Bank charges	3,344,543	8,390,048
Other financial charges	174,823,758	132,703,352
	178,168,301	141,093,400

Other financial charges represent investment related expenses incurred in connection with managing the investment properties, broker's commissions on trading financial assets and other depository maintenance and off exchange trade fees.

27. NON-CASH EXPENSES

This account is composed of the following:

	2017	2016
Impairment loss	2,243,414,249	4,481,797,950
Depreciation	181,401,601	185,007,569
Amortization	48,539,737	39,746,904
Losses	12,745,642	253,412,128
	2,486,101,229	4,959,964,551

In 2017, the SSS incurred a decline in the collection of some loans and receivables, decrease in value on non-current assets held for sale, and non-submission of collection documents from collecting banks/agents, hence carried out a review of its recoverable amount. The review led to the recognition of impairment loss of P2.24 billion, of which P2.20 billion is for loans and receivables, P45.50 million for non-current assets held for sale and P1.36 million for receivable-collecting banks/agents.

28. ASSISTANCE AND SUBSIDY

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, 2017 amounted to P2.64 billion, of which P2.38 billion has been released as loans to member beneficiaries, as follows:

NCA No.	Date	Amount
BMB-F-12-0023901	December 14, 2012	45,279,995
2012		45,279,995
BMB-F-13-0017483	September 23, 2013	480,771,648
BMB-F-13-0020336	November 11, 2013	278,800,497
2013		759,572,145
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
2014		771,613,074
BMB-F-15-0005560	April 29, 2015	32,207,250
BMB-F-15-0016231	October 26, 2015	374,662,670
2015		406,869,920
BMB-C-16-0006531	April 28, 2016	64,198,930
BMB-C-16-0016736	September 15, 2016	54,212,150
2016		118,411,080
BMB-C-17-0000790	January 9, 2017	193,867,300
BMB-C-17-0007120	May 17, 2017	72,955,264
BMB-C-17-0015979	October 11, 2017	274,253,486
2017		541,076,050
Grand Total		2,642,822,264

29. OPERATING LEASE COMMITMENTS

29.1 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 3 new branches and 16 new service offices nationwide to provide a conducive member-centric environment and entered into a cancellable operating lease agreement with various property owners. Out of the 290 local branches, 132 branch/service/representative offices located in various locations nationwide are rent-free. As of December 31, 2017 and 2016, total lease payment recognized as expense amounted to P284.03 million and P248.99 million, respectively (See Note 25). Further, no sublease agreements made and no occurrences of contingent rent.

29.2 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 from investment property (see note 19), acquired assets and operating assets as of December 31, 2017 and 2016 amounted to P554.54 million and P634.07 million, respectively.

30. RELATED PARTY DISCLOSURES

The total compensation and benefits of key management personnel which consists of short term benefits amounted to P37.92 million and P24.04 million as of December 31, 2017 and 2016, respectively. Key management compensation and benefits form part of the Personnel Services and Maintenance and Other Operating Expenses accounts (See Notes 24 and 25, respectively).

31. 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.

31.1 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.

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

	2017								Total
	Neither past due nor impaired	Past due but not impaired (Age in months)						Impaired	
		3-12	13-36	37-48	49-60	Over 60	Expired		
									(In Millions)
Financial assets at FVTPL	16,320	-	-	-	-	-	-	-	16,320
AFS financial assets	102,065	-	-	-	-	-	1,380	1,292	104,737
HTM investments:									
Corporate notes and bonds	31,199	-	-	-	-	-	-	-	31,199
Government notes and bonds	192,783	-	-	-	-	-	-	-	192,783
Loans and receivables:									
NHMFC	-	-	-	1,624	-	-	3,919	4,711	10,254
Commercial and industrial loans	1	-	-	-	-	-	10	59	70
Program MADE	-	-	-	-	-	-	-	17	17
	342,368	-	-	1,624	-	-	5,309	6,079	355,380

	2016								Total
	Neither past due nor impaired	Past due but not impaired (Age in months)						Impaired	
		3-12	13-36	37-48	49-60	Over 60	Expired		
									(In Millions)
Financial assets at FVTPL	7,639	-	-	-	-	-	-	-	7,639
AFS financial assets	104,251	-	-	-	-	-	-	1,292	105,543
HTM investments:									
Corporate notes and bonds	37,611	-	-	-	-	-	-	-	37,611
Government notes and bonds	184,081	-	-	-	-	-	-	-	184,081
Loans and receivables:									
NHMFC	-	458	-	1,219	-	-	4,296	4,483	10,456
Commercial and industrial loans	6	-	-	-	-	-	12	61	79
Program MADE	-	-	-	-	-	-	-	17	17
	333,588	458	-	1,219	-	-	4,308	5,853	345,426

c. Liquidity risk

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

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

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

31.2 Insurance and demographic risk

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

a. Longevity risk

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

b. Mortality risk

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

c. Morbidity risk

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

d. Claims inflation risk

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

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

31.3 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.

31.4 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.

32. EVENTS AFTER REPORTING PERIOD

Starting January 16, 2018, the SSS implements the Enhanced Contributions Collection Process that mandates the use of Payment Reference Number (PRN) and the Real-Time Processing of Contributions (RTPC) in all payment channels through the electronic Collection System (e-CS). Employers (ERs) and individual members are required to register/enroll in My.SSS at the SSS website and use the PRN in the payment of contribution.

The e-CS includes generation of the electronic Contribution Collection List (e-CL) for the ERs and Statement of Account (SOA) for the individual members, facility to enable payors to review/edit the e-CL/SOA, automatic generation of corresponding PRN upon confirmation of the e-CL/SOA and sending of electronic notifications and reminders. This will enable real-time processing and posting of payments and contribution details in the members' account and allow faster and more accurate processing of members' benefit claims and loan proceeds.

The SSC in its Resolution No. 94-s 2018 dated January 30, 2018 approved the recommendation to provide assistance for SSS members/pensioners affected by Mayon Volcano Phreatic Eruption. The assistance will cover the following: (a) Calamity Loan Assistance Program, (b) three-month advance pension for SS and EC pensioners, and (c) reduction of interest rates for Direct House Repair and Improvement Loan.

Section 86 (q) of RA No. 10963 otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) repealed SSS exemption on Value Added Tax (VAT) effective January 01, 2018. SSS shall apply Section 33 of the said RA amending Section 108 of the NIRC which states that: "There shall be levied, assessed and collected, a value-added tax equivalent to twelve percent (12%) of gross receipts derived from the sale or exchange of services, including the use of lease properties."

33. OTHER MATTERS

33.1 Commitments

Amount authorized but not yet disbursed for capital expenditures as at December 31, 2017 is approximately P1.20 billion.

34. COMPLIANCE WITH TAX LAWS

Presented under the following table is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under the Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The SSS is withholding and remitting to the 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.

	Amount
Taxes paid during CY 2017	
On compensation	598,383,985
Expanded	78,931,977
VAT and other percentages tax	109,659,358
Final tax	15,873
Taxes withheld (to be paid in CY 2018)	
On compensation	23,405,292
Expanded	6,343,695
VAT and other percentages tax	11,017,235
	827,757,415

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 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 by 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

Internal Audit Service is one of the pillars of governance in any organization whether in the public or private sector. The Internal Audit Service Group(IASG) of SSS is fully aware of this and its role as a partner of management in ensuring that the internal control system in the various systems and processes of SSS are in place and effective and its business operation is compliant with existing laws, rules and regulations and established management policies, as it pursues its legal mandate and achieves its performance targets. Thus, IASG exerts more efforts and allocates more time in carefully planning the audit projects that will be undertaken every year.

For calendar year 2017, IASG pursued audit projects that support corporate strategic objectives in two areas: Financial and Internal Process in order to assist management to 1) Effectively Manage the Fund; 2) Sustain the Viability of the Institution; 3) Improve Customer Satisfaction; and 4) Expand the QMS Scope for ISO Certification. Fifteen (15) projects were committed and delivered before the year ended. In addition, there were three (3) special audits, as well as Management Review of 12 procurement projects prior to awarding of contracts and 32 Bidding documents for publication.

The result of the audit was comprehensively discussed with management/auditees and remedial measures were suggested by IASG and duly noted by auditees with a commitment to implement the recommendations within their sphere of authority and responsibility.

Hereunder are the most significant and relevant observations:

- 1) Branch Telling is still the way to go in order to facilitate collection of contributions and loan remittances from members as the latter find it more convenient to pay in SSS branch offices with telling facilities. However, management needs to invest more in ensuring the security of money, property and people. Hence, logistical support in terms of CCTV cameras, alarm systems and vaults, among others, coupled with full compliance to regulations, should be prioritized in order to assure members that their hard-earned money is safe with SSS.
- 2) Investment as another legal mandate of SSS should be taken seriously, particularly by units and officials whose functions require them to manage the properties of the institution for investment purposes, considering that proceeds from investment form part of the fund being used to pay the benefits of members, especially long-term benefits, as well as for operating expenses in the event that collected contributions are not sufficient. Moreover, the Social Security Law requires that the fund of the institution should be managed with skill, care, prudence and diligence. In this vein, concerned officials must get their acts together to address the concerns raised by IASG in its investment audits.
- 3) Employer and employee's social security contribution is the sustaining life blood of the SSS. The lack of it will certainly drive SSS to bankruptcy. Hence, programs that improve coverage of paying members and the timely remittance of members' contributions should be supported, and all systems, processes and policies geared towards these objectives must be implemented sans hesitation by all concerned, under pain of penalty for failure to comply. The IASG strongly recommends that the Compliance Officer be the point person to monitor full compliance and to recommend sanctions for non-compliance.
- 4) Service delivery is another important area of concern for SSS considering that it provides service to 36 million members. More often than not, it ranks number one among the government agencies with the most number of complaints according to the data of the Civil Service Commission. IASG believes that it is expected from an organization with a very limited workforce of 6,759. However, this limitation can be augmented by reinventing internal processes with the end in view of reducing processing time within the desired waiting period of the members, as well as improving office facilities including a comfortable waiting area, for improved customer satisfaction.
- 5) Since SSS started to venture into ISO certification way back in 2010, IAS auditors have been on top of the Internal Quality Audit (IQA) being performed in order to determine whether or not the institution deserves to be certified. As of December 2017, twenty (20) branch offices have been issued ISO 9001:2008 certifications for the Registration and Coverage System and two (2) branch offices for Death, Disability and Retirement Process; and Diliman Branch has been certified ISO 9001:2015. IASG strongly recommends that the ISO-certified branch offices continue to be vigilant in observing the ISO standards and perform best practices to maintain the certification and for other branch offices to exert more efforts to improve its performance, particularly in areas where they are non-compliant.

As partner of management, IASG has not been remiss in its duty, including a constant reminder to auditees to act on audit recommendations, particularly compliance to existing laws, rules and regulations as well as established management policies in the performance of their functions. Management, however, has to perform its other role in the governance process and that is to monitor compliance to audit recommendations through its Compliance Officer and to hold accountable the concerned employee or official by making compliance part of the Individual Performance Commitment and Review (IPCR) and the unit's Office Performance Commitment and Review (OPCR).

For 2018, IASG has planned 13 projects to support Management in the achievement of corporate goals pursuant to SSS Vision and Mission.


ATTY. ANTONETTE L. FERNANDEZ
 Vice President

HISTORICAL DATA

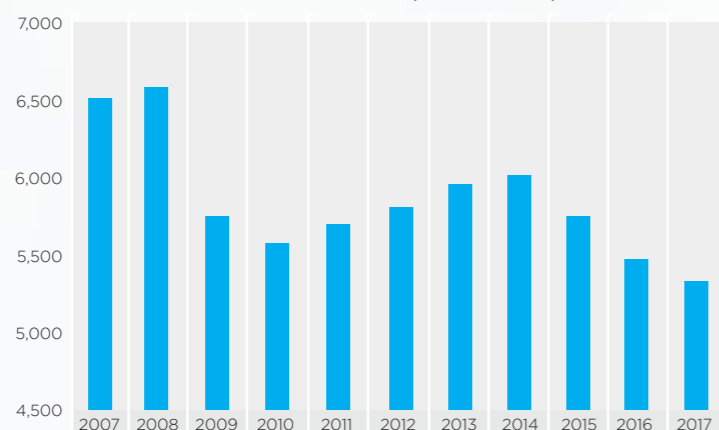
SSS REGISTERED MEMBERS, EMPLOYERS, AND PERSONNEL WORKFORCE

SSS Registered Members, Employers, and Personnel Workforce
As of December 31 (in thousands)

Year	Members	Employers	SSS Personnel*
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
2017	36,130.0	964.4	6.8

* regular SSS employees only

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



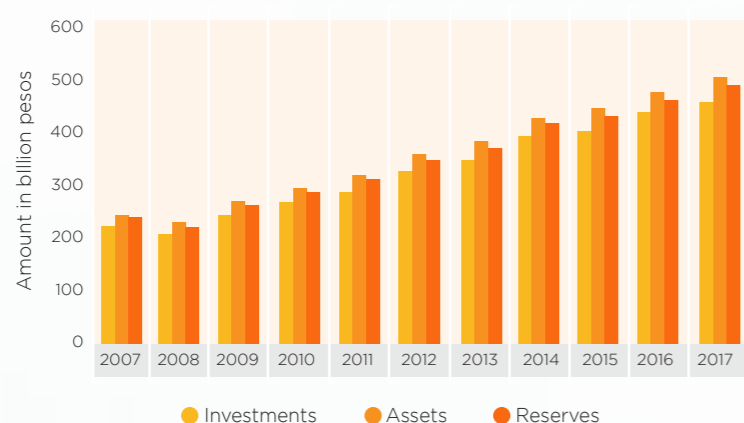
● Ratio of Members to Personnel

CONSOLIDATED

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

Year	Assets	Reserves	Investments
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
2017	504.87	492.09	460.81

Consolidated Assets, Reserves, and Investments



● Investments ● Assets ● Reserves

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

Year	Contributions	Investment & Other Income	Benefit Payments	Operating Expenses
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
2017	159.72	40.78	170.68	9.54

Consolidated Contributions, Investment & Other Income, Benefit Payments, and Operating Expenses

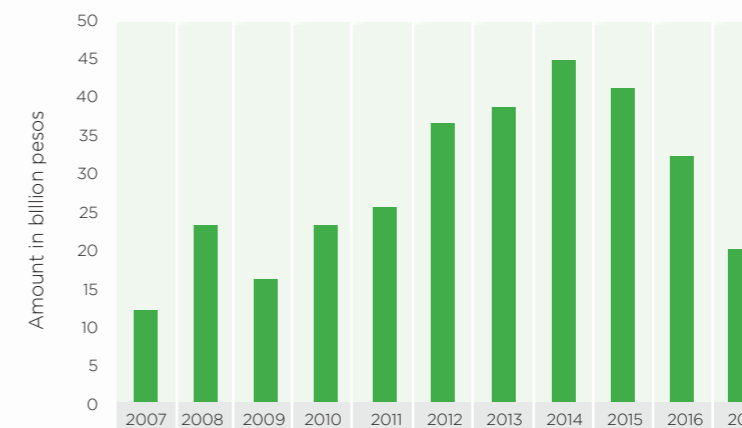


● Contributions ● Investments & Other Income ● Benefit Payments ● Operating Expenses

Consolidated Net Revenue
(in billion pesos)

Year	Amount	% inc./ (dec.)
2013	38.36	6.0
2014	44.47	15.9
2015	40.69	(8.5)
2016	32.00	(21.4)
2017	20.27	(36.6)

Consolidated Net Revenue



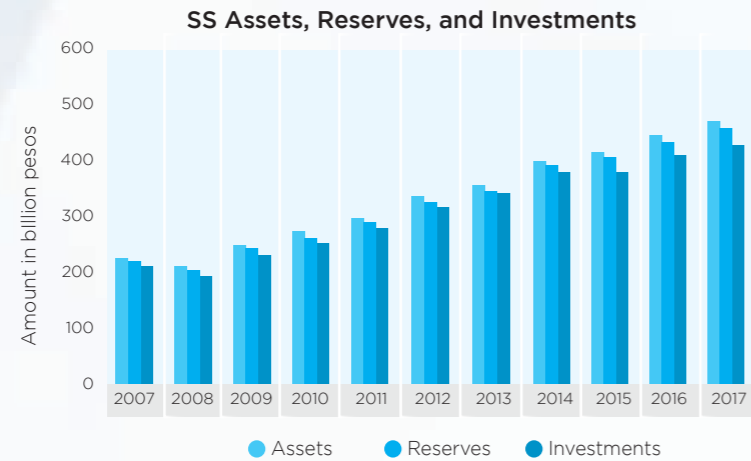
The decrease in trends in net revenue is attributed to the following reasons:

- Decrease in income from equities in 2015; and
- Increase in benefit payments due to pension adjustments as a result of posting 1985-1989 contributions in 2016, and grant of P1,000 additional benefit in 2017.

SOCIAL SECURITY FUND*

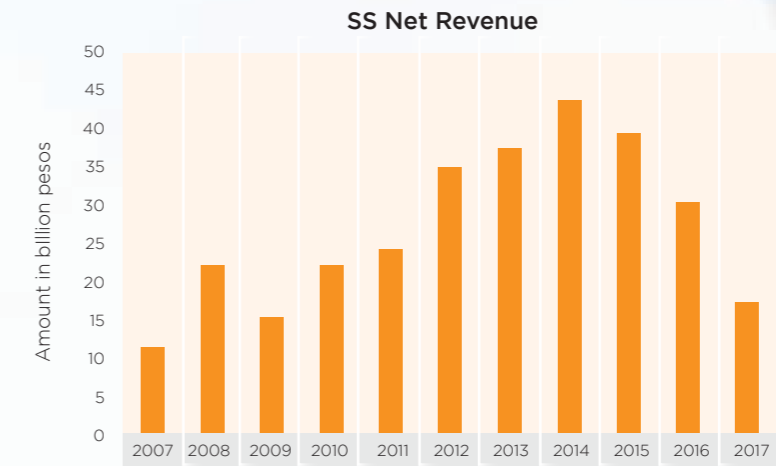
SS Assets, Reserves, and Investments (in billion pesos)

Year	Assets	Reserves	Investments
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
2017	467.25	454.47	426.25



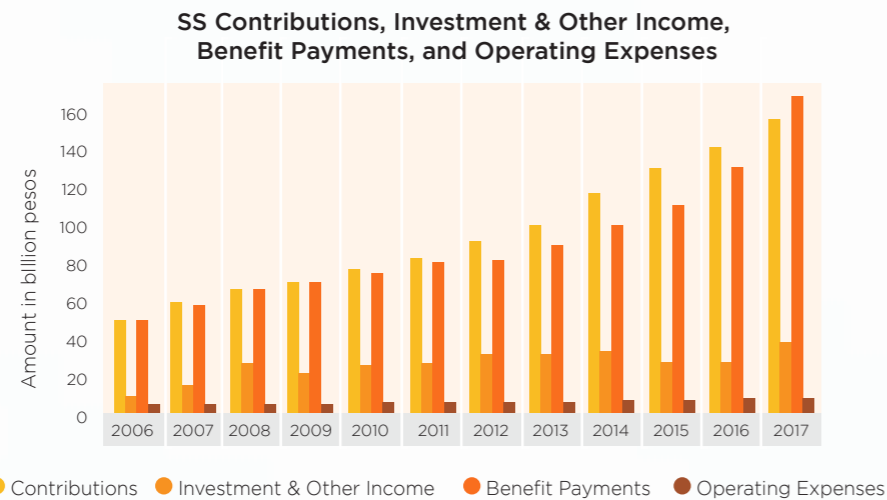
SS Net Revenue (in billion pesos)

Year	Amount	% inc./ (dec.)
2013	37.14	7.3
2014	43.19	16.3
2015	38.99	(9.7)
2016	29.69	(23.9)
2017	17.27	(41.8)



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

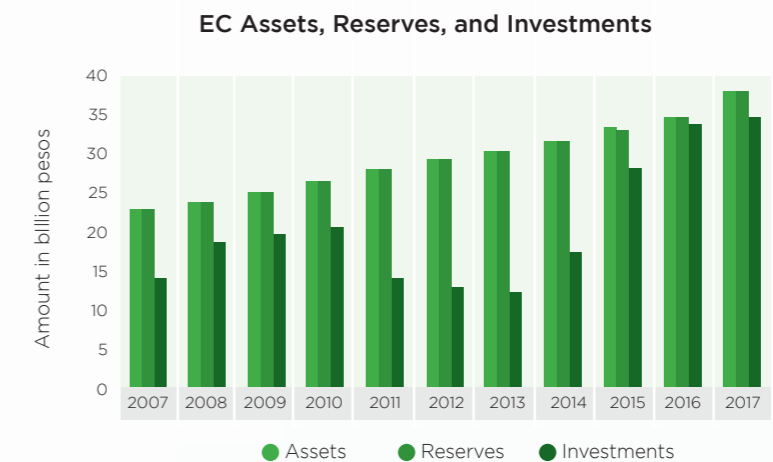
Year	Contributions	Investment & Other Income	Benefit Payments	Operating Expenses
2013	101.40	33.71	90.42	7.56
2014	118.94	33.78	101.50	8.03
2015	130.79	28.46	111.49	8.76
2016	142.45	28.52	131.88	9.40
2017	157.62	38.67	169.53	9.48



EMPLOYEES' COMPENSATION & STATE INSURANCE FUND

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

Year	Assets	Reserves	Investments
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
2017	37.62	37.62	34.56

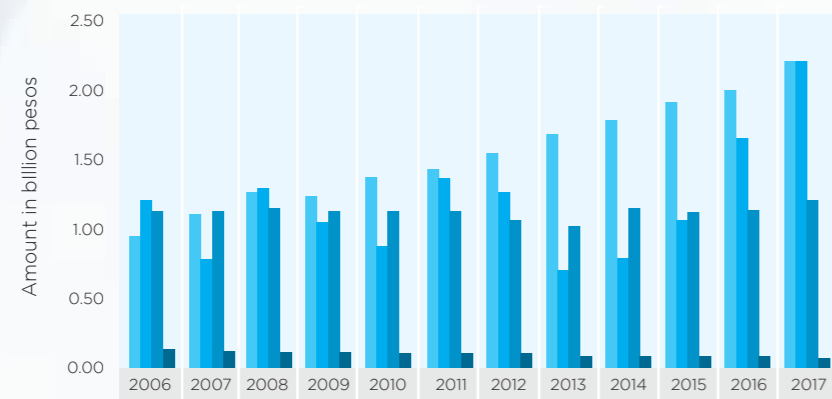


* Includes Mortgagor's Insurance Account, Flexi and PESO Funds

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

Year	Contributions	Investment & Other Income	Benefit Payments	Operating Expenses
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
2017	2.11	2.11	1.15	0.06

EC Contributions, Investment & Other Income, Benefit Payments, and Operating Expenses

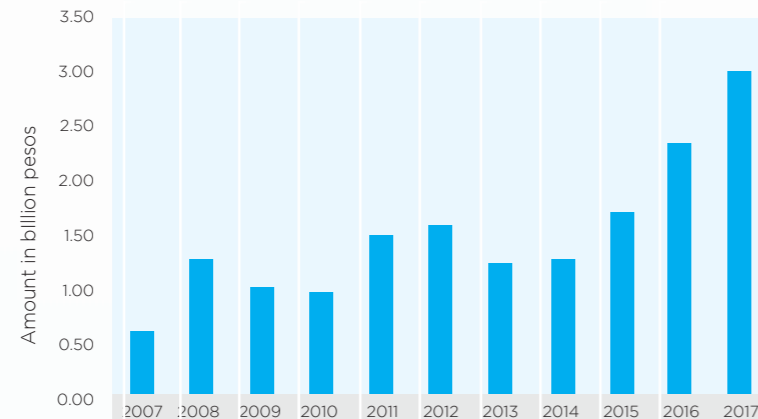


● Contributions ● Investments & Other Income ● Benefit Payments ● Operating Expenses

EC Net Revenue (in billion pesos)

Year	Amount	% inc./ (dec.)
2013	1.22	(22.4)
2014	1.28	5.4
2015	1.70	32.6
2016	2.32	36.4
2017	3.00	29.4

EC Net Revenue



TRAININGS OF SSC IN 2017

SSC Member	Subject and Date of Training
Amado D. Valdez	Corporate Governance Orientation Program March 10, 2017 Discovery Primea, Makati City Sponsor: Unionbank of the Philippines
Emmanuel F. Dooc	Corporate Governance Orientation Program for GOCCs March 7, 2017 Sponsor: Institute of Corporate Directors 16th National Convention of Lawyers Theme: "Global and Regional Integration of Legal Services: Challenging the Philippine Status Quo" March 23-26, 2017 Sponsor: Integrated Bar of the Philippines
Diana V. Pardo-Aguilar	Corporate Governance April 25, 2017 Security Bank Center, Ayala Avenue, Makati City Sponsor: SGV & Co. 106th Session of the International Labour Conference (as Adviser and Substitute Delegate for the Employer Sector) June 4-17, 2017 Geneva, Switzerland Sponsor: Department of Labor and Employment
Anita Bumpus-Quitain	Distinguished Corporate Governance Speaker Series August 10, 2017 Sponsor: Institute of Corporate Directors "Charting the Digital Age, its Risks and Strategies, through Governance and a Responsive Corporate Culture" September 7, 2017 Sponsor: Philex Mining Corporation, PLDT, MPIC, MERALCO
Arthur L. Amansec	Distinguished Corporate Governance Speaker Series November 16, 2017 Sponsor: Institute of Corporate Directors
Michael G. Regino	Enhancing Audit Committee Effectiveness Essentials July 27, 2017 Sponsor: Institute of Corporate Directors "Charting the Digital Age, its Risks and Strategies, through Governance and a Responsive Corporate Culture" September 7, 2017 Sponsor: Philex Mining Corporation, PLDT, MPIC, MERALCO
Jose Gabriel M. La Viña	2017 APIC-Japan Pension Funds and Social Security Systems Summit March 7, 2017 Shangri-la Hotel, Tokyo, Japan Orientation on Corporate Governance December 19, 2017 Sponsor: Institute of Corporate Directors
Gonzalo T. Duque	Corporate Governance Orientation Program for GOCCs March 22, 2017 Sponsor: Institute of Corporate Directors
Santiago Dionisio R. Agdeppa Commission Secretary	Corporate Standards Office Orientation Seminar for Corporate Secretaries and Compliance Officers June 28, 2017 Sponsor: Governance Commission for GOCCs Seminar-Workshop on Decision Writing and Updates on Substantive and Procedural Law August 14-16, 2017 Sponsor: SSS Learning and Development Department 2017 Corporate Governance Conference: "Competing Against Risk" September 26, 2017 Sponsor: Institute of Corporate Directors



SOCIAL SECURITY COMMISSION

1. AMADO D. VALDEZ

Chairman
Date of Birth: May 5, 1946
Place of Birth: San Manuel, Pangasinan
Age: 71
Date of Appointment: 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: 68
Date of Appointment: November 15, 2016

3. SILVESTRE H. BELLO III

Ex-Officio Member
Date of Birth: June 23, 1944
Place of Birth: Gattaran, Cagayan
Age: 73
Date of Appointment: July 1, 2016
(DOLE Secretary)

4. DIANA V. PARDO-AGUILAR

Commissioner
Date of Birth: October 27, 1963
Place of Birth: Manila
Age: 54
Date of Appointment: December 14, 2016

5. ANITA BUMPUS-QUITAIN

Commissioner
Date of Birth: November 1, 1946
Place of Birth: Sta. Cruz, Davao del Sur
Age: 71
Date of Appointment: October 13, 2016

6. ARTHUR L. AMANSEC

Commissioner
Date of Birth: November 28, 1946
Place of Birth: San Jacinto, Pangasinan
Age: 71
Date of Appointment: October 13, 2016

7. MICHAEL G. REGINO

Commissioner
Date of Birth: August 14, 1961
Place of Birth: Dipolog, Zamboanga del Norte
Age: 56
Date of Appointment: October 27, 2016

8. JOSE GABRIEL M. LA VIÑA

Commissioner
Date of Birth: June 2, 1957
Place of Birth: Cebu City
Age: 60
Date of Appointment: November 25, 2016

9. GONZALO T. DUQUE

Commissioner
Date of Birth: January 16, 1952
Place of Birth: Dagupan City, Pangasinan
Age: 65
Date of Appointment: November 6, 2016





OFFICE OF THE CORPORATE SECRETARY TO THE COMMISSION

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



INTERNAL AUDIT SERVICE GROUP

ANTONETTE L. FERNANDEZ
VP, Internal Audit Service Group



SSS MANAGEMENT

PRESIDENT & CEO, EXECUTIVE VICE PRESIDENT & SENIOR VICE PRESIDENTS

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. EMMANUEL F. DOOC
President and
Chief Executive Officer</p> <p>2. RIZALDY T. CAPULONG
EVP, Investments Sector</p> <p>3. VOLTAIRE P. AGAS
SVP, Legal and Enforcement Group</p> <p>4. JOSE B. BAUTISTA
SVP, NCR Operations Group</p> | <p>5. MAY CATHERINE C. CIRIACO
SVP, Administration Group/Concurrent OIC,
Human Resource Management Group and
Public Affairs and Special Events Division</p> <p>6. JOSEFINA O. FORNILOS
SVP, Central Processing Group</p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



- 7. **EDDIE A. JARA**
SVP, Mindanao Operations Group
- 8. **JOEL A. LAYSON**
SVP, Information Technology Management Group
- 9. **JOSIE G. MAGANA**
SVP, Luzon Operations Group
- 10. **PAUL ERIK D. MANALO**
Special Assistant to the Corporate Head III
Office of the President and CEO
- 11. **GEORGE S. ONGKEKO, JR.**
SVP, Actuarial and Risk Management Group
**Resigned effective 9 November 2017*
- 12. **ELVIRA G. ALCANTARA-RESARE**
SVP, Controllership Group
- 13. **JUDY FRANCES A. SEE**
SVP, Account Management Group and Concurrent OIC
International Operations Group
- 14. **HELEN C. SOLITO**
SVP, Visayas Operations Group



SSS MANAGEMENT

VICE PRESIDENTS

- 1. **HELEN L. ABOLENCIA**
NCR North Division
- 2. **VILMA P. AGAPITO**
Luzon Central 1 Division
- 3. **EDWIN M. ALO**
Mindanao North Division
- 4. **ANTONIO S. ARGABIOSO**
Large Accounts Division and Concurrent OIC,
NCR Large Accounts Department
- 5. **NICHOLAS C. BALBUENA**
IT Operations Division
- 6. **PEDRO T. BAOY**
Asset Management Division/
Lending and Asset Management Group
- 7. **JESSE J. CABEROY**
Human Resource Services Division
- 8. **REGINALD G. CANDELARIA**
Equities Investments Division/Capital Markets Group
**Retired effective 17 November 2017*



9. HIDELZA B. CASTILLO
IT Support Services Division

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

11. MARIO V. CORRO
Visayas Central 2 Division

12. VIRGINIA S. CRUZ
Luzon South 1 Division

13. NILO D. DESPUIG
Luzon South 2 Division

14. RODRIGO B. FILOTEO
Mindanao West Division

15. NELSON P. IBARRA
NCR East Division

16. JEAN V. LAGRADA
Financial and Budget Division

17. JOHNSY L. MANGUNDAYAO
Operations Accounting Division

18. LEONORA D. NUQUE
NCR Regional Processing Division

19. ALAN GENE O. PADILLA
IT Solutions Division

20. EMMANUEL R. PALMA
Mindanao South 1 Division

21. NESTOR R. SACAYAN
General Services Division

22. GWEN MARIE JUDY D. SAMONTINA
Program Services Division

23. MARIO R. SIBUCAO
Member Relations and Support Division

24. GUILLERMO M. URBANO, JR.
Treasury Division



SSS MANAGEMENT

OFFICERS-IN-CHARGE GROUP/DIVISION HEADS

1. **GLORIA CORAZON M. ANDRADA**
Luzon Central 2 Division
2. **CRISTINA A. BACALLA**
Luzon Regional Processing Division
3. **PORFIRIO M. BALATICO**
Luzon North 2 Division
4. **LILANI B. BENEDIAN**
Visayas West 1 Division
5. **RAUL A. CASIANO**
Visayas West 2 Division
6. **JOVE L. COLASITO**
Mindanao South 2 Division
7. **RENATO JACINTO S. CUISIA**
Operations Legal Services Divisions I and II
8. **FILOMENA S. DAVID**
Human Resource Services Division

9. **ROSANO L. DELMO**
Internal Audit Service Division 1
10. **NORMITA M. DOCTOR**
Benefits Administration Division
11. **CRISTINE GRACE B. FRANCISCO**
NCR South Division
12. **ERNESTO D. FRANCISCO, JR.**
Fund Management Group
**From March to November 2017*
13. **RENTONY C. GIBE**
Actuarial Services Division and DM III,
Program Development and Pricing Department
14. **LUZVIMINDA J. LIMCAUCO**
NCR West Division
15. **ALBERTO L. MONTALBO**
Visayas Central 1 Division
16. **HYDEE R. RAQUID**
Procurement Management Division



- 17. **REYNALDO S. RASCO**
Investments Support Division
**Retired effective 1 December 2017*
- 18. **CEASAR P. SALUDO**
Luzon North 1 Division
- 19. **ELENITA S. SAMBLERO**
Luzon Bicol Division
- 20. **LORELIE D. SANTOS**
Risk Management Division
- 21. **SYLVETTE C. SYBICO**
Middle East and Europe Operations Division
- 22. **GERONIMO T. VALEZA**
Internal Audit Service Division 2

- 23. **CARLO C. VILLACORTA**
Alternative Investments Division and Fixed Income Investment Division
- 24. **JOY A. VILLACORTA**
Asia, Americas and Pacific Operations Division
- 25. **MIRIAM A. VILLALBA**
Visayas-Mindanao Regional Processing Division
- 26. **BRENDA P. VIOLA**
Medical Services Division
- 27. **JOSELITO A. VIVIT**
Corporate Legal Services Division

SSC AND SSS MANAGEMENT DIRECTORY

As of end-December 2017

SOCIAL SECURITY COMMISSION

AMADO D. VALDEZ
Chairperson

EMMANUEL F. DOOC
Vice-Chairperson

SILVESTRE H. BELLO III
Ex-Officio Member

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

COMMISSION SECRETARY, COMPLIANCE OFFICER AND EXECUTIVE COMMISSION CLERK

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. ANTANZO
Luzon Commission
Legal Department

RENATO M. CUSTODIO
National Capital Region
Commission Legal Department

NELIA B. LORENZO*
Mindanao Commission
Legal Department

MARISSA C. MAPALO*
Policy Research and
Governance Department

JOCELYN B. PARAISO*
Commission Secretariat Department

JOSE B. SALGADO, JR.*
Visayas Commission
Legal Department

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

PRESIDENT AND CEO

EMMANUEL F. DOOC
Office of the President and CEO

EXECUTIVE VICE PRESIDENT

RIZALDY T. CAPULONG
Investments Sector

SENIOR VICE PRESIDENT AND EQUIVALENT RANK AND OIC

VOLTAIRE P. AGAS
Legal and Enforcement Group

JOSE B. BAUTISTA
NCR Operations Group

MAY CATHERINE C. CIRIACO
Administration Group and
Concurrent OIC, Human Resource
Management Group & Public Affairs
and Special Events Division

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

PAUL ERIK D. MANALO
Office of the President and CEO

ELVIRA G. ALCANTARA-RESARE
Controllership 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 OIC

HELEN L. ABOLENCIA
NCR North Division

VILMA P. AGAPITO
Luzon Central 1 Division

EDWIN M. ALO
Mindanao North Division

GLORIA CORAZON M. ANDRADA*
Luzon Central 2 Division

ANTONIO S. ARGABIOSO
Large Accounts Division and
Concurrent OIC, NCR Large 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*
Lending and Asset Management Group
and Asset Management Division

LILANI B. BENEDIAN*
Visayas West 1 Division

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Human Resource Services Division

RAUL A. CASIANO*
Visayas West 2 Division

HIDELZA B. CASTILLO
ICT Support Services 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
Operations Legal Services Division II

NILO D. DESPUIG
Luzon South 2 Division

NORMITA M. DOCTOR*
Benefits Administration Division and
Concurrent DM III, Retirement, Death
and Funeral Benefits Administration
Department

RODRIGO B. FILOTEO
Mindanao West Division

CRISTINE GRACE B. FRANCISCO*
NCR South Division

RENTONY C. GIBE*
Actuarial Services Division and
DM III, Program Development
and Pricing Department

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NCR East Division

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Financial and Budget Division

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IT Solutions Division

EMMANUEL R. PALMA
Mindanao South 1 Division

HYDEE R. RAQUID*
Procurement Management Division and
Concurrent DM III, Procurement Planning
and Management Department

NESTOR R. SACAYAN
General Services Division

CEASAR P. SALUDO*
Luzon North 1 Division

ELENITA S. SAMBLERO*
Luzon Bicol Division

GWEN MARIE JUDY D. SAMONTINA
Program Services Division

LORELIE D. SANTOS*
Risk Management Division and Concurrent
DM III, Operational Risk Management
Department and Financial and Investment
Risk Management Department

MARIO R. SIBUCAO
Member Relations and Support Division

SYLVETTE C. SYBICO*
Middle East and Europe Operations Division

GUILLERMO M. URBANO, JR.
Treasury Division

JOY A. VILLACORTA*
Asia, Americas and Pacific Operations
Division

CARLO C. VILLACORTA*
Capital Markets Group and
Concurrent OIC, Alternative Investments
Division & Fixed Income Investments
Division

MIRIAM A. VILLALBA*
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