



Republic of the Philippines
SOCIAL SECURITY SYSTEM

East Ave., Diliman, Quezon City

Tel. Nos. (632) 8920-6401 • (632) 8920-6446

E-mail: member_relations@sss.gov.ph • Web site: <http://www.sss.gov.ph>

CIRCULAR NO. 2023-008

TO : ALL SSS EMPLOYERS AND MEMBERS

SUBJECT : REVISED GUIDELINES ON THE IMPLEMENTATION OF THE MANDATORY PROVIDENT FUND (MPF) PROGRAM FOR SSS MEMBERS

Pursuant to Social Security Commission (SSC) Resolution No. 702-s.2022 dated 28 October 2022, approving the revision of the Guidelines for the Implementation of the Mandatory Provident Fund (MPF) Program for SSS Members, the following revised guidelines are hereby issued:

A. OBJECTIVE

The SSS, in pursuit of its mission under Republic Act (RA) No. 11199, otherwise known as the Social Security Act of 2018, to promote social justice through savings and advance the value of “work, save, invest and prosper”, shall establish the MPF Program for members that will consist of contributions of employers and employees, self-employed (SE), overseas Filipino worker (OFW) and voluntary members (VM), based on monthly salary credit (MSC) in excess of P20,000.00 up to the prescribed maximum MSC, and their earnings. The Program aims to provide SSS members a convenient and tax-free savings scheme for payment of benefits to such members or their beneficiaries in addition to the benefits provided under RA No. 11199.

B. DEFINITION OF TERMS

1. “SSS MEMBER” is a person with at least one (1) contribution in the Regular SSS Program.
2. “REGULAR SSS PROGRAM” refers to the defined benefit-type SSS program existing before the implementation of this defined contribution-type MPF Program.
3. “FINAL BENEFIT CLAIM” is a claim by an SSS member for retirement, total disability or death benefit in the Regular SSS Program.
4. “MPF MEMBER” is an SSS member with at least one (1) contribution in the MPF Program.
5. “MPF BENEFICIARIES” are the same as those defined under Section 8 (k), Definition of Terms of RA No. 11199.

Jaw
EDC

Pa

6. "TOTAL ACCUMULATED ACCOUNT VALUE" consists of the MPF member's total contributions and investment income less management fee.
7. "INVESTMENT INCOME" refers to amounts earned from interest, dividends/fees and net increase in the value of investments credited to the account of the MPF member.

C. COVERAGE

1. The MPF Program covers all SSS members who have met the following qualifications:
 - a. Have no final claim in the Regular SSS Program; and
 - b. Have contribution(s) in the Regular SSS Program whose MSC exceeds ₱20,000.00.
2. Enrollment in the MPF Program shall be automatic when MSC exceeds ₱20,000.00 starting on the applicable month of January 2021.

D. CONTRIBUTIONS

1. MPF contributions shall be the prescribed contribution rate times MSC in excess of ₱20,000.00 up to the prescribed maximum MSC.
2. MPF contributions shall always be paid together with contributions under the Regular SSS Program.
3. The penalty rate of two percent (2%) per month from the date the contribution falls due until paid shall apply to the total contributions including MPF. The settled penalty on MPF contributions from delinquent employers and/or collecting partners shall go to the SSS Reserve Fund which shall cover for MPF interest earnings, actual or indicative, if any, of affected employees during the period of delay, as well as other unforeseen financial obligations of the program.

Provided, however, that in case the employer availed of the condonation program of the SSS, the proportionate share of the MPF in the settled interest collection shall be determined, and the appropriate interest rate based on actual or indicative, but not to exceed the portion collected, shall be credited in favor of the affected employee-members. Any excess in the interest collection for the MPF portion shall go to the SSS Reserve Fund and may be used for the same purpose stated above.

E. WITHDRAWAL

Withdrawal of contributions is not allowed.

F. INVESTMENTS

1. Capital preservation is the priority for the MPF.

2. Pursuant to RA No. 11199, the following principles shall be followed in investing:
 - a. The SSC shall have the authority to invest and make changes in any of the general provisions of the MPF. This is in line with Sec. 4 par (1) and Sec. 26 of RA No. 11199;
 - b. The investment must be consistent with Sec. 26. (Investment Reserve Fund) of the RA No. 11199;
 - c. Consistent with prioritizing capital preservation, the initial investment mix will be guided by the following limits:
 - i. At least 15% in Government Securities (GS), and can be increased up to 100% of the investments (Sec. 26 (a) of RA No. 11199);
 - ii. Up to 20% in Corporate or multilateral institutions (Sec. 26 (h) of RA No. 11199) and Equities (Sec. 26 (i) of RA No. 11199);
 - iii. Up to 25% in short-and-medium-term loans to MPF members such as salary, educational, livelihood, calamity, and emergency loans. (Sec. 26 (e) of RA No. 11199); and
 - iv. Up to 40% in money market and other BSP-approved investment instruments with the same intrinsic quality as those allowable in the Charter (Sec. 26 (m) of RA No. 11199).
1. The investment of the MPF shall be managed following the principles of safety, high yield and liquidity, and benchmarked against the average rates of Treasury Bills or any other acceptable market yield indicators.
2. Income realized from investments shall be distributed proportionately based on members' total accumulated account value (TAAV).
3. Contributions posted for the month shall earn their share of the investment income beginning on the first day of the following month.
4. Investment income shall be determined at the end of the calendar year upon release of the MPF financial statement and credited to the MPF member's account not later than five (5) working days thereafter.
5. For MPF benefit payments, investment income for the current year shall be determined using indicative interest rates based on prior months' return.
6. The computation of investment income and TAAV shall be deemed final.

G. BENEFITS

1. The basis for MPF benefits is the TAAV of the member at the time of the approval of the final benefit claim.
2. MPF benefit shall be automatically processed when the member (or his/her beneficiary/ies) files for final benefit claim.
3. The MPF benefit shall be paid together with the SSS regular benefit. Initial disbursement of MPF benefits shall coincide with the Regular SSS Program, including the case when the member opts to receive the first 18 months pension in advance or has accrued pension.

4. The MPF benefit for retirement and total disability shall be given either in lump sum or monthly pension depending on whether the member's regular SSS benefit is in lump sum or monthly pension.
5. MPF members who are receiving their regular SSS benefit in monthly pension may receive their MPF retirement and total disability benefits as follows:
 - a. A fixed amount of monthly pension equal to the member's TAAV divided by 60, 120 or 180, at the option of the MPF member; or
 - b. Combination of lump sum and monthly pension provided that the lump sum amount shall not exceed 50% of the TAAV while the monthly pension shall be a fixed amount equal to the member's remaining TAAV divided by 60, 120 or 180, at the option of the MPF member.

Provided, however, that MPF members whose TAAVs are less than one hundred thousand pesos (P100,000.00) shall receive their MPF benefits in lump sum.

6. The MPF benefit for death, regardless of amount, shall be given in lump sum to his/her beneficiaries.

H. MANAGEMENT AND ADMINISTRATION

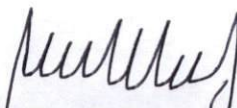
1. The SSS shall exercise absolute control, direction, and management of the MPF Program.
2. The MPF management fee shall initially be at 1% per annum of the accumulated fund and shall be deducted from the MPF account upon crediting of investment income to cover all the expenses related to the operations of the Fund. The difference between the MPF management fee and the actual operational expenses, if any, shall be treated as income of the Regular SSS program.

The MPF management fee shall be reviewed every two (2) years, and any change in the rate shall subject to the approval of the SSC.

3. The SSS, due to unusual circumstances, may adopt special settlement procedures and make use of any of the available modes of disbursement as it deems proper.
4. The SSS shall be relieved from carrying out its obligations on the MPF Program if it is prevented from doing so due to Force Majeure, which is an event beyond the control of the SSS arising from fortuitous events as defined by law.
5. Policies, including the terms and conditions, governing the MPF Program are subject to change as may be determined by the SSS and without prior notice to the public.

This Circular shall supersede Circular Nos. 2020-032 dated 24 November 2020, and 2020-032-b dated 22 December 2020. It shall take effect immediately following its publication in a newspaper of general circulation and the registration and filing of three (3) copies of the published Circular with the Office of the National Administrative Register.

Please be guided accordingly.


ROLANDO LEDESMA MACASAET
President and CEO

25 SEP 2023

Date

(Policy – Others)
Prepared by: MPF Task Force

Jaw
EBC

A

