

Coverage and contribution collection programme and enforcement procedure adopted by the Philippine Social Security System

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Social Security System (SSS)



Outline of Presentation

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- Statement of SSS mission

B. The Philippine Social Security System

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A. Introduction

Social Security as human right

“Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international cooperation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.”

(Article 22, Universal Declaration of Human Rights)

“Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”

(Article 25, Universal Declaration of Human Rights)

A. Introduction

Statement of SSS mission

“It is the policy of the State to establish, develop, promote and perfect a sound and viable tax-exempt social security system ... which shall promote social justice and provide meaningful protection to members and their beneficiaries against the hazards of disability, sickness, maternity, old-age, death, and other contingencies resulting to loss of income or financial burden...”

(Republic Act 1161)

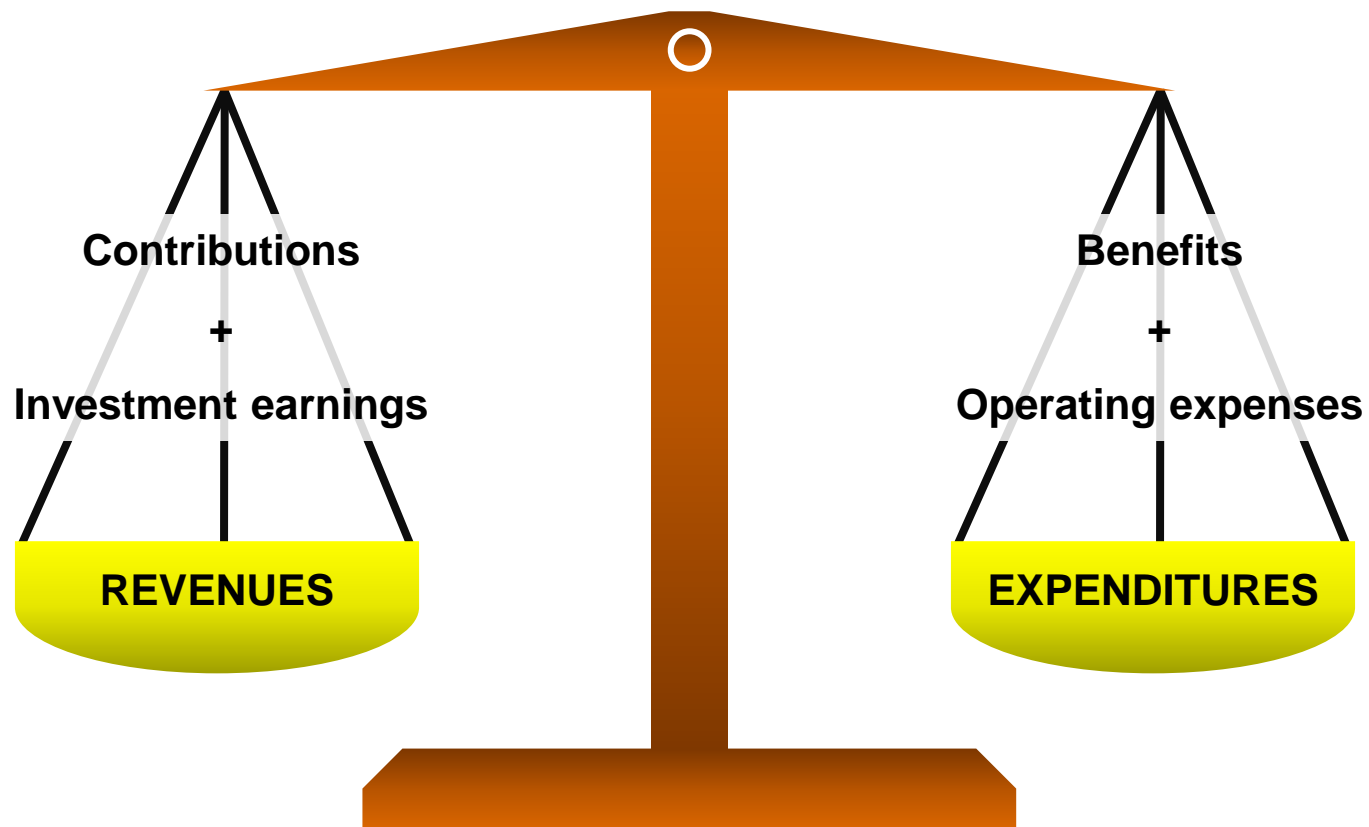
B. The Philippine Social Security System

SSS:

- Started operation in 1957
- Directed and controlled by Social Security Commission
- Social insurance program
- Mandatory coverage for the private sector
- Contribution shared by employer and employee & shouldered solely by self-employed
- Benefits based on contributions and years of service

C. Coverage and Contribution Collection

Actuarial Balance



C. Coverage and Contribution Collection (cont'd)

SSS Operations

Amount (in Php billion)	2002	2009	Average Growth (2003-2009)
Revenues	43.60	93.15	11.9%
Contributions	33.70	71.16	11.3%
Inv. Earnings	9.90	21.99	17.9%
Expenditures	43.91	77.93	8.6%
Benefits	39.57	70.96	8.8%
Operating Exp.	4.34	6.97	7.1%
NET REVENUES	(0.31)	15.22	

C. Coverage and Contribution Collection (cont'd)

Potential vs Actual members

MEMBERSHIP (Number)

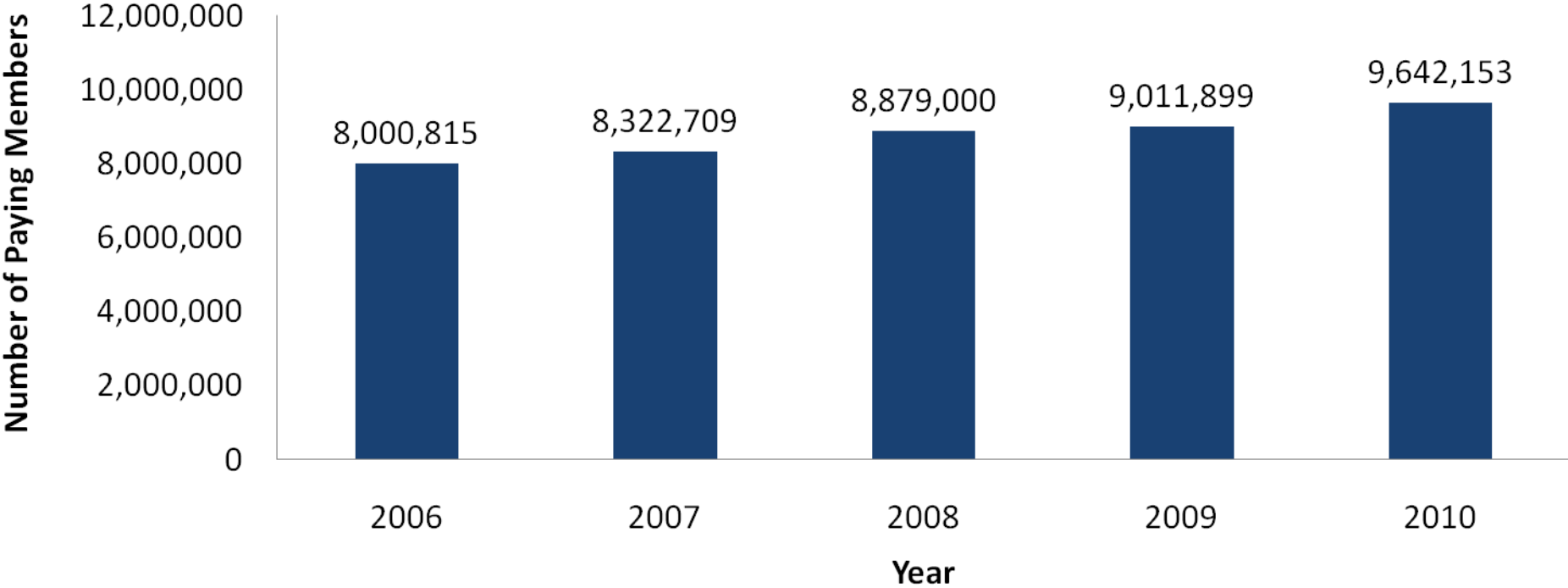
Estimated Potential, based on Labor Force	37 million
Actual Registered SSS Members, as of 2010	28.8 million
<i>% to Potential</i>	78%
Actual Paying SSS Members	9.6 million
<i>% to Potential</i>	33%

CONTRIBUTION COLLECTION (Amount)

Estimated Potential, based on Labor Force	Php253 billion
Actual	Php71 billion
<i>% to Potential</i>	28%

C. Coverage and Contribution Collection (cont'd)

Paying Members 2006 to 2010



C. Coverage and Contribution Collection (cont'd)

SSS employers and covered members

Employers and Employees

Large/medium scale

- 45% of total no. of wage workers

Small/micro scale

- 95% of total no. of ERs

Self-Employed

Professionals

- 8% of total employment

Informal sector

- 35% of total employment

D. Reasons for Non-Compliance

- 1 Weakness in enforcement capabilities
- 2 Administrative burden or cost of complying
- 3 Inaccessible payment channels
- 4 Economic reasons
- 5 Contributions are considered financial burden
- 6 Less preference to social security over daily subsistence needs
- 7 Giving less importance to pension or saving for future contingencies
- 8 Involvement in “underground economies”

E. Enabling Initiatives

P olicy initiatives

E xpansion of payment channels

R eliable I/T systems

A dequate human resources and responsive structure

E. Enabling Initiatives

On policy initiatives

- Spreading the payment deadline based on social security number
- Shifting the manner of submission of collection reports, from manual to electronic formats
- Redefining the role of the Account Officers focusing more in marketing
- Providing legal support to SSS branches nationwide
- Establishing linkages with local government units and other government offices
- Adopting liberalized policies on payments of delinquencies
 - Installment payment
 - Dacion en pago
 - Penalty condonation

E. Enabling Initiatives

On expanding payment channels

- Expanding payment channels and making them more convenient for SSS payors
 - Accrediting
 1. Banks
 2. Non-banks entities
 3. Cooperatives
- Implementing the SSS Nationwide Branch Teller Project
- Introducing new payment channels that are conveniently available
 - through the Internet
 - using credit cards
 - through mobile text

E. Enabling Initiatives

On reliable I/T Systems

- Optimizing the use of technology
 - Development of Accounts Management System (AMS)
 - Redesign of registration and coverage system
 - Other IT innovations
 1. Legal cases monitoring system
 2. Enhancement of the SSS website
 - Unified Multi-purpose Identification (UMID) system
- Prompt, efficient and transparent service delivery system

E. Enabling Initiatives

On adequate human resources and responsive structure

- Strengthening the SSS Field Inspectorate units
 - Accounts handled by Account Officers classified into:
 1. Large Accounts (100 or more employees)
 2. Branch Accounts (99 and less workers)
- Hiring and training of Account Officer
- Continuous information campaigns

F. Concluding Remarks

- SSS has lengthened the SSS fund life up to 2039
- Contributions are the lifeblood of the SSS
- Continuous effort to address the compliance and enforcement challenge
- Desirability of voluntary compliance resulting from efficient and transparent service delivery

End of presentation