

[**PRESIDENTIAL DECREE NO. 1636, September 07, 1979**]

FURTHER AMENDING REPUBLIC ACT NO. 1161 OTHERWISE KNOWN AS SOCIAL SECURITY LAW.

WHEREAS, under Article II, Section 7 of the Constitution of the Philippines, it is the declared policy of the State to "establish, maintain and ensure adequate social services in the field of x x x social security to guarantee the enjoyment by the people of a decent standard of living";

WHEREAS, under Sec. 2 of the Social Security Law, it is the declared policy of the Republic of the Philippines to "establish, develop, promote and perfect a sound and viable tax-exempt social security service suitable to the needs of the people throughout the Philippines x x x with a view to promote their well-being in the spirit of social justice";

WHEREAS, in view of the increased membership and judicious management of funds by the Social Security System, it is now again feasible for the SSS to further increase benefits to cushion the rising cost of living of its members in the light of changing economic conditions;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION I. Paragraph (c) of Section 4 of Republic Act No. 1161 is hereby amended to read as follows:

"SEC. 4. Powers and Duties of the Commission. —

"(c) To insure the making of the necessary actuarial studies and calculations concerning increases in benefits and the financial stability of the SSS and to provide for the feasible increases in benefits and the addition of new ones under such rules and regulations as the commission may adopt subject to the approval of the President: *Provided*, That the actuarial stability or solvency of the reserve fund shall be guaranteed, and *Provided, further*, That such increases in benefits shall not require any increase in contribution."

SECTION 2. Paragraphs (a), (c) and (d) of Section 8 of Republic Act No. 1181 are hereby amended and paragraphs (q) and (r) are added thereto to read as follows:

"SEC. 8. Terms defined.—For the purposes of this Act, the following terms shall, unless the context indicates otherwise, have the following meanings:

"(a) SSS—The Social Security System created by this Act.

"(c) *Employer*—Any person, natural or juridical, domestic or foreign, who carries on in the Philippines any trade, business, industry, undertaking, or activity or any kind and uses the services of another person who is under his orders as regards the employment, except the Government and any of its political subdivision, branches or instrumentalities, including corporations owned or controlled by the Government: *Provided*, That a

self-employed professional shall be both employee and employer at the same time.

"(d) *Employee*—Any person who performs services for an employer in which either or both mental and physical efforts are used and who receives compensation for such services, where there is an employer-employee relationship; *Provided*, That a self-employed professional shall be both employee and employer at the same time.

"(q) *Replacement ratio*.—The sum of twenty percent and the quotient obtained by dividing three hundred by the sum of three hundred forty and the average monthly salary credit.

"(r) *Credited years of service*.—For a member covered prior to January 1975, nineteen hundred and seventy five minus the calendar years of coverage plus the number of calendar years in which six or more contributions have been paid from January 1975 up to the calendar years containing the semester prior to the contingency. For a member covered in or after January 1975, the number of calendar years in which six or more contributions have been paid from the year of coverage up to the calendar year containing the semester prior to the contingency."

SECTION 3. Section 9 of Republic Act No. 1161 is hereby amended by adding Section 9-A thereto to read as follows:

"SEC. 9-A. *Compulsory coverage of the self-employed.* —Coverage in the SSS shall also be compulsory upon all self-employed persons earning P1,800.00 or more per annum: *Provided*, That the effectivity of coverage of certain groups of self-employed shall be determined by the Commission under such rules and regulations it may prescribe: *Provided, further*, That the effectivity of the coverage of the following self-employed persons shall be in accordance with Section 10(b) hereof:

"1. All self-employed professionals licensed by the Professional Regulations Commission or those licensed to practice law.

"2. Partners and single proprietors of businesses.

"3. Actors and actresses, directors, script writers and news correspondents who do not fall within the definition of the term "employee" in Section 8(d) of this Act.

"4. Professional athletes, coaches, trainers licensed by the Games and Amusement Board as well as jockeys and trainers licensed by the Philippine Racing Commission.

Unless otherwise specified herein, all provisions of the SS Law applicable to cover employees shall also be applicable to the covered self-employed persons."

SECTION 4. Section 10 of Republic Act No. 1161 is hereby amended to read as follows:

"SEC. 10. *Effective date of coverage.* —Compulsory coverage of the employer shall take effect on the first day of his operation and that of the employee on the day of his employment: *Provided*, That the compulsory

coverage of self-employed persons referred to in paragraphs (1) to (4) shall take effect on the first day of January following the calendar year they started the practice of their profession or business operations but in no case earlier than January 1, 1980."

SECTION 5. Section 11 of Republic Act No. 1161 is hereby amended by adding Section 11-A to read as follows:

"SEC. 11-A. *Effect of interruption of business or professional income.* — If the self-employed realizes no net professional or business income in any calendar year, he shall not be required to pay contributions for the succeeding year. He may, however, be allowed to continue paying contributions under the same rules and regulations applicable to separated covered employees."

SECTION 6. Section 12 of Republic Act No. 1161 is hereby amended to read as follows:

"SEC. 12. *Monthly pension.*—(a) The monthly pension shall be the sum of the following:

The average monthly salary credit multiplied by the replacement ratio; and One and a half percent of the average monthly salary credit for each credited year of service in excess of ten years.

"(b) The monthly pension shall in no case be less than one hundred twenty pesos nor paid in an aggregate amount of less than sixty times the monthly pension except to a secondary beneficiary: *Provided*, That the monthly pension of surviving pensioners shall be increased by twenty percent."

SECTION 7. Section 12-b of Republic Act No. 1161 is hereby amended to read as follows:

"SEC. 12-B. *Retirement benefits.*—(a) A covered employee who had paid at least one hundred twenty monthly contributions prior to the semester of retirement; and who (1) has reached the age of sixty years and is not receiving monthly compensation of at least three hundred pesos, or (2) has reached the age of sixty-five years, shall be entitled for as long as he lives to the monthly pension: *Provided*, That his dependents born before his retirement of a marriage subsisting when he was fifty-seven years old shall be entitled to the dependents' pension.

"(b) A covered member who is sixty years old at retirement and who does not qualify for pension benefits under paragraph (a) above, shall be entitled to a lump sum benefit equal to the total contributions paid by him and on his behalf; *Provided*, That he is separated from employment and is not continuing payment of contributions to the SSS on his own.

"(c) The monthly pension shall be reduced upon the re-employment of a retired employee who is less than sixty-five years old by an amount equivalent to one-half his earnings over three hundred pesos. He shall again be subject to section eighteen and his employer to section nineteen of this Act.

"(d) Upon the death of the retired employee pensioner, his primary, beneficiaries shall be entitled to eighty percent of the monthly pension and his dependents to the dependent pension: *Provided*, That if he has no primary beneficiaries and he dies within sixty months from the start of his monthly pension, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to the smaller of (1) twenty times the monthly pension or (2) the difference of sixty times the monthly pension and the total monthly pensions paid by the SSS excluding the dependents' pension."

SECTION 8. Section 13 of Republic Act No. 1161 is hereby amended to read as follows:

"SEC. 13. *Death benefits.* —Upon the covered employee's death, his primary beneficiaries shall be entitled to the monthly pension and his dependents to the dependents' pension: *Provided*, That he has paid, at least thirty-six monthly contributions prior to the semester of death: *Provided, further*, That if the foregoing conditions is not satisfied his primary beneficiaries shall be entitled to a lump sum benefit equivalent to thirty-five times the monthly pension: *Provided, further*, That if he has no primary beneficiaries, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to twenty times the monthly pension: *Provided, however*, That the minimum death benefit shall not be less than the total contributions paid by him and his employer on his behalf nor less than one thousand pesos: *Provided, finally*, That the beneficiaries of the covered employee who dies without having paid at least three monthly contributions shall be entitled to the minimum benefit."

SECTION 9. Section 13-A of Republic Act No. 1161 is hereby amended to read as follows:

"SEC. 13-A. *Permanent disability benefits.*-(a) Upon the covered employees permanent total disability, if such disability occurs after he had paid at least thirty-six monthly contributions prior to the semester of disability, he shall be entitled to the monthly pension and his dependents to the dependents' pension: *Provided*, That if the disability occurs before he has paid thirty-six monthly contributions prior to the semester of disability, he shall be entitled to a lump sum benefit equivalent to thirty-five times the monthly pension: *Provided, further*, That the minimum disability benefit shall not be less than the total contributions paid by him and his employer on his behalf nor less than one thousand pesos; *Provided, further*, That a covered employee who becomes permanently totally disabled without having paid at least three monthly contributions shall be entitled to the minimum benefit: *Provided, finally*, That a member who (1) received a lump sum benefit and (2) is re-employed not earlier than one year from the date of his disability shall again be subject to compulsory coverage and considered a new member.

"(b) The monthly pension shall be reduced upon his re-employment by an amount equivalent to one-half of his earnings over three hundred pesos. The monthly pension and dependents' pension shall be suspended upon his recovery from the permanent total disability, or his failure to

present himself for examination at least once a year upon notice by the SSS.

"(c) Upon the death of the permanent total disability pensioner, his primary beneficiaries shall be entitled to eighty percent of the monthly pension and his dependents to the dependents' pension: *Provided*, That if he has no primary beneficiaries and he dies within sixty months, from the start of his monthly pension, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to the smaller of (1) twenty times the monthly pension or (2) the difference of sixty times the monthly pension and the total monthly pensions paid by the SSS excluding the dependents' pension.

"(d) The following disabilities shall be deemed permanent total:

1. Complete loss of sight of both eyes;
2. Loss of two limbs at or above the ankle or wrists;
3. Permanent complete paralysis of two limbs;
4. Brain injury resulting to incurable imbecility or insanity; and
5. Such cases as determined and approved by the SSS.

"(e) If the disability is permanent partial, and such disability occurs before thirty-six monthly contributions have been paid prior to the semester of disability, the benefit shall be such percentage of the lump sum benefit described in the preceding paragraph with due regard to the degree of disability as the Commission may determine.

"(f) If the disability is permanent partial, and such disability occurs after thirty-six monthly contributions have been paid prior to the semester of disability, the benefit shall be the monthly pension for permanent total disability payable not longer than the period designated in the following schedule:

COMPLETE AND PERMANENT LOSS OF USE OF	NUMBER OF MONTHS
One thumb	10
One index finger	8
One middle finger	6
One ring finger	5
One little finger	3
One big toe	6
One hand	39
One arm	50
One foot	31
One leg	46
One ear	10
Both ears	20
Hearing of one ear	10