

**[ REPUBLIC ACT NO. 4857, June 18, 1966 ]**

**AN ACT TO AMEND CERTAIN SECTIONS OF RE-PUBLIC ACT  
NUMBERED ELEVEN HUNDRED AND SIXTY-ONE, AS AMENDED BY  
REPUBLIC ACT NUMBERED SEVENTEEN HUNDRED AND NINETY-  
TWO, REPUBLIC ACT NUMBERED TWENTY-SIX HUNDRED AND  
FIFTY-EIGHT REPUBLIC ACT NUMBERED THIRTY-EIGHT  
HUNDRED AND THIRTY-NINE, AND REPUBLIC ACT NUMBERED  
FORTY-FOUR HUNDRED AND EIGHTY-TWO, OTHERWISE KNOWN  
AS "THE SOCIAL SECURITY ACT OF 1954."**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

SECTION 1. Section three of Republic Act Numbered Eleven hundred and sixty-one, as amended by Republic Act Numbered Seventeen hundred and ninety-two, Republic Act Numbered Twenty-six hundred and fifty-eight, Republic Act Numbered Thirty-eight hundred and thirty-nine, and Republic Act Numbered Forty-four hundred and eighty-two, is hereby amended by amending paragraph (a) to read as follows:

"SEC. 3. *Social Security System.*— (a) To carry out the purposes of this Act, the Social Security System with principal place of business in Manila or Quezon City, Philippines, is hereby created. The System shall be directed and controlled by a Social Security Commission composed of the Secretary of Labor and six appointive members, two of whom shall represent the labor group, two, the management group and two, the general public, to be appointed by the President with the consent of the Commission on Appointments. The Chairman of the Commission shall be designated by the President of the Philippines from among the appointive members of the Commission. The term of the appointive members shall be three years: *Provided*, That the terms of the first six appointive members shall be one, two and three years for every two members, respectively. All vacancies, except through the expiration of the term, shall be filled for the unexpired term only. The appointive members of the Commission shall receive fifty pesos *per diem* for each meeting actually attended by them: *Provided*, That no compensation shall be paid for more than eight meetings a month."

SEC. 2. Section five of the same Act is further amended by amending paragraph (a) to read as follows:

"SEC. 5. *Settlement of Claims.*— (a) Any dispute arising under this Act with respect to coverage, entitlement to benefits, collection and settlement of premium contributions and penalties thereon, or any other matter related thereto, shall be cognizable by the Commission, and any case filed with the Commission with respect thereto shall be heard by the

Commission, or any of its members, or by hearing officers duly authorized by the Commission, and decided within twenty days after the submission of the evidence. The filing, determination and settlement of claims shall be governed by the rules and regulations promulgated by the Commission."

SEC. 3. Section eight of the same Act is further amended by amending paragraph (e), subparagraph 8 of paragraph (j), and paragraph (k) thereof, and adding thereto new paragraphs (l), (m), (n), (o), and (p) which shall 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:

"(e) *Dependent.*—The legitimate spouse, or unmarried legitimate or legitimated child of the covered employee who is under twenty-one years of age, or the parents of said employee who are wholly dependent upon him for regular support.

"(j) *Employment.*—Any service performed by an employee for his employer, except—

"(8) Services performed in the employ of a foreign government or international organization, or their wholly owned instrumentality: *Provided, however,* That his exemption notwithstanding, any foreign government, international organization, or their wholly-owned instrumentality employing workers in the Philippines or employing Filipinos outside of the Philippines may enter into an agreement with the Philippine Government for the inclusion of such employees in the Social Security System except those already covered by the United States civil service retirement system: *Provided, further,* That the terms of such agreement shall conform with the provisions of this Act on coverage and amount of payment of contributions and benefits: *Provided, finally,* That the provisions of this Act shall be supplementary to any such agreement.

"(k) *Beneficiaries.*—Those designated as such by the covered employee from among the following;

The legitimate spouse, the legitimate, legitimated, acknowledged natural children and natural children by legal fiction, and their legitimate descendants, the legitimate parents, the brothers, and the sisters.

"In the absence of any of the foregoing, any other person designated by him.

"(l) *Payment ratio.*—The ratio obtained by dividing the total number of monthly contributions from the month of coverage to the last day of the second quarter preceding the quarter of death or permanent disability by the number of calendar months in the same period; except where the month of death or permanent disability falls within eighteen calendar months from the month of coverage, in which case, the ratio is obtained

by dividing the total number of monthly contributions from the month of coverage to the month immediately preceding the month of death or permanent disability by the number of calendar months in the same period.

"(m) *Average monthly salary credit*.—The result obtained by dividing the sum of the monthly salary credits in the sixty-month period ending on the last day of the second quarter preceding the quarter of death, or permanent disability or retirement by sixty; or the result obtained by dividing the sum of the monthly salary credits from the month of coverage to the last day of the second quarter preceding the quarter of death, or permanent disability or retirement by the number of calendar months in the same period, whichever is greater; except where the month of death or permanent disability falls within eighteen months from the month of coverage, in which case, the average monthly salary credit is the result obtained by dividing the sum of all monthly salary credits from the month of coverage to the month immediately preceding the month of death or permanent disability by the total number of monthly contributions in the same period and multiplying the quotient by the payment ratio.

"(n) *Average daily salary credit*.—The result obtained by dividing the sum of the six highest monthly salary credits in the twelve-month period ending on the last day of the second quarter preceding the quarter of sickness by one hundred fifty.

"(o) *Basic lump sum amount*.—The sum of the twelve highest monthly salary credits in the thirty-six month period ending on the last day of the second quarter preceding the quarter of death or permanent disability, or twelve times the average monthly salary credit divided by the payment ratio, whichever is greater.

"(p) *Quarter*.—A period of three consecutive calendar months ending on the last day of March, June, September or December."

SEC. 4. Section eleven of the same Act is further amended to read as follows:

"SEC. 11. *Effect of separation from employment*.—When an employee under compulsory coverage is separated from employment, his employer's contribution on his account and his obligation to pay contributions arising from that employment shall cease at the end of the month of separation, but said employee shall be credited with all contributions paid on his behalf and entitled to benefits according to the provisions of this Act. He may, however, continue to pay the total contributions to maintain his right to full benefits in accordance with such rules and regulations as may be promulgated by the Commission."

SEC. 5. Section twelve of the same Act is further amended to read as follows:

"SEC 12. *Retirement benefits*.—(a) Upon reaching the age of sixty years