

[REPUBLIC ACT NO. 2658, June 18, 1960]

**AN ACT TO AMEND CERTAIN SECTIONS OF REPUBLIC ACT
NUMBERED ELEVEN HUNDRED AND SIXTY-ONE, AS AMENDED BY
REPUBLIC ACT NUMBERED SEVENTEEN HUNDRED AND NINETY-
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, is further amended 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. 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 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 shall receive twenty-five pesos *per diem* for each meeting actually attended by them: *Provided*, That no compensation shall be paid for more than one meeting a week.

"(b) The Commission shall have under its general supervision an Administrator who shall serve as the chief executive officer immediately responsible for carrying out the program of the Social Security System hereby created and the policies of the Commission. The Administrator shall be a person who has had previous experience in technical and administrative fields related to the purposes of this Act. He shall be appointed by the President of the Philippines with the consent of the Commission on Appointments, and shall receive a salary to be fixed by the Commission with the approval of the President, payable from the funds of the System.

"(c) The Commission, upon the recommendation of the Administrator, shall appoint an actuary, medical director, and such other personnel as

may be deemed necessary, shall fix their compensation; prescribe their duties and establish such methods and procedures as may insure the efficient, honest and economical administration of the provisions and purposes of this Act: *Provided, however,* That the personnel of the System shall be selected only from civil service eligibles certified by the Commissioner of Civil Service and shall be subject to civil service rules and regulations."

SEC. 2. Paragraphs (j) and (k) of Section four of the same Act are changed to (k) and (l), respectively, and a new paragraph to be known as paragraph (j) is inserted in the same section, to read as follows:

"(j) To acquire, receive, or hold, by way of purchase, expropriation or otherwise, public or private property for the purpose of undertaking housing projects, preferably for the benefit of low-salaried employee-members whose salaries do not exceed one thousand eight hundred pesos *per annum* and for the maintenance of hospitals and institutions for the sick, aged and infirm employee-members and immediate members of their families."

SEC. 3. Paragraph (a) of Section five of the same Act is amended to read as follows:

"SEC. 5. (a) *Settlement of claims.*—The filing, determination and settlement of claims shall be governed by the rules and regulations promulgated by the Commission."

SEC. 4. Paragraphs (d), (e), (f) and (g), and sub-paragraphs (1) and (9) of paragraph (j) of Section eight of the same Act are amended and a new paragraph to be known as paragraph (k) is added to the same section to read as follows:

"(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.

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

"(f) *Compensation.*—All actual remuneration for employment, including the cash value of any remuneration paid in any medium other than cash except that part of the remuneration in excess of five hundred pesos received during the month.

"(g) *Monthly salary credit.*—The compensation base for premiums and benefits as indicated in the schedule in Section eighteen of this Act.

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

"(1) Agricultural labor when performed by a share or leasehold tenant or worker who is not paid any regular daily wage or base pay and who does not work for an uninterrupted period of at least six months in a year;

"(9) Service performed as a student nurse in the employ a hospital or nurses' training school, and service performed as a medical intern in the employ of a hospital; and

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

"(1) The legitimate spouse, the legitimate, legitimated, acknowledged natural children and natural children by legal fiction, and their legitimate descendants;

"(2) In default of such spouse and children, the legitimate parents of the covered employee;

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

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

"SEC. 9. *Compulsory coverage*.—Coverage in the System shall be compulsory upon all employees between the ages of sixteen and sixty years, inclusive, and their employers: *Provided*, That any benefit already earned by employees under private benefit plans existing at the time of the approval of this Act shall not be discontinued, reduced or otherwise impaired: *Provided, further*, That private benefit plans which are existing and in force at the time of the compulsory coverage shall be integrated with the plan of the System in such a way where the employer's contribution to his private plan is more than that required, of him in this Act he shall pay to the System only the contribution required of him and he shall continue his contributions to such private plan less his contribution to the System so that the employer's total contribution to his private benefit plan and to the Social Security System shall be the same as his contribution to his private plan before the compulsory coverage: *Provided, further*, That any changes, adjustments, modifications, eliminations or improvements in the benefits to be available under the remaining private plan, which may be necessary to adopt by reason of the reduced contribution thereto as a result of the integration, shall be subject to agreements between the employers and employees concerned: *Provided, further*, That the private benefit plan which the employer shall continue for his employees shall remain under the employer's management and control unless there is an existing agreement to the contrary: *Provided, finally*, That nothing in this Act shall be construed as a limitation on the right of employers and employees to agree on and adopt benefits which are over and above those provided under this Act."

SEC. 6. Section ten of the same Act is further 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 date of his employment."

SEC. 7. 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 and after having paid at least one hundred twenty monthly contributions to the System, a covered employee shall have the option to retire and he shall then be entitled for as long as he lives but in no case for less than five years to a monthly basic pension amount to be computed as follows:

Twenty-five per cent of the first one hundred pesos average monthly salary credits or fraction thereof;

Fifteen per cent of the second one hundred pesos average monthly salary credits or fraction thereof;

Five per cent of each succeeding one hundred pesos average monthly salary credits or fraction thereof:

Provided, That if the total number of monthly contributions exceeds one hundred twenty at the time of retirement, the retiring employee, in addition to the monthly basic pension amount, shall be entitled to a monthly pension increment of one-twenty-fourth of one per centum of the average monthly salary credit for each monthly contribution in excess of one hundred twenty: *Provided, further*, That a member of the System covered prior to the effectivity of this amendatory Act or within two years thereafter and who was fifty years of age or over on the effective date of his coverage shall be entitled to the benefits hereunder if he has paid a number of monthly contributions equivalent to twelve times the difference between his at coverage and sixty, but in no case less than twenty-four: *Provided, finally*, That the monthly pension shall in no case be less than twenty-five pesos for retiring employee already covered at the time of the approval of this amendatory Act.

"(b) A covered member who is sixty years of age 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 in his behalf, provided that he is separated from employment and is not continuing membership in the System on his own.

"(c) During the re-employment of a retired employee his annuity shall be suspended and he shall be subject again to the provisions of Section eighteen hereof, and his employer to Section nineteen, provided such