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SENATE S.B. No. <u>274</u>6 RECEIVED BY:

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

#### AN ACT PROVIDING FOR ENHANCED SOCIAL PROTECTION FOR THE WORKING POOR AND PROVIDING FUNDS THEREFOR

#### **EXPLANATORY NOTE**

For six decades now, the Social Security System (SSS) has provided social protection to Filipinos against likelihoods and eventualities such as disability and injury, sickness, maternity, old age, and death.

Our contributions to SSS translate to investments into our future and the future of our family. Contributions give citizens access to benefits such as disability aid, retirement relief, and life insurance. SSS also offers loans at reasonable rates that can be used for various purposes like putting a child through school or engaging in a small business.

These benefits can make a difference to fellow Filipinos living at subsistence level. As they earn below P100,000.00 annually, their contributions, unfortunately, are not regular.

While the poorest of the poor are covered by our social protection programs, only 6.5% of the 12 million self-employed Filipinos are paying their SSS contributions.

It is a lost opportunity for our countrymen that we consider the working poor, our farmers, fishermen, market and street vendors, tricycle drivers and the millions of who have micro businesses across the country.

In view of the foregoing, the approval of this bill is earnestly sought.

Senator Paolo Benigno "Bam" A. Aguino IV

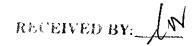


# SIXTEENTH CONGRESS OF THE REPUBLIC ) OF THE PHILIPPINES ) Second Regular Session )



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SENATE 2746



Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

### AN ACT PROVIDING FOR ENHANCED SOCIAL PROTECTION FOR THE WORKING POOR AND PROVIDING FUNDS THEREFOR

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

SECTION 1. Short Title. – This Act shall be known as the "Working Poor Protection Act of 2 2015".

**SECTION 2.** Declaration of Policies. – The State shall uplift the standard of living and quality of life of all Filipinos. Towards this end, the government shall undertake a comprehensive approach to poverty eradication that will consists of multi-layered programs which address the specific needs of the near poor, the working poor, and the poorest of the poor.

The State affirms its commitment to the millennium development goals and adheres to its international standards on working conditions and social protection floors. Specifically, the government shall provide assistance in order that the near poor and the working poor can enjoy the benefit of meaningful social protection against the hazards of disability, sickness, maternity, old-age, death, and other contingencies resulting in the loss of income or financial burden.

#### SECTION 3. Definition of Terms. -

- a) Social Protection refers to programs of the government aimed to protect workers against contingencies resulting in loss of income or financial burden.
- b) Working Poor shall refer to a worker with an average monthly income that is not sufficient to place a typical Filipino household above the poverty line as defined by the Philippine Statistics Authority or such other government agencies mandated to prepare the official poverty statistics of the country.
- c) Near Poor shall refer to a worker with an average monthly income that is sufficient to place a typical Filipino household above, by no more than 20%, the poverty line as defined by the Philippine Statistics Authority or such other government agencies mandated to prepare the official poverty statistics of the country.

ARTICLE II
ENHANCED SOCIAL PROTECTION
FOR SELF-EMPLOYED WORKERS

SECTION 4. Enhanced Social Protection for the Working Poor. — All workers, whether employed or self-employed, shall be covered by the Social Security System (SSS), including the Employee's Compensation (EC) Fund, the Philippine Health Insurance Corporation (Philhealth), and the Home Development Mutual Fund (Pag-IBIG) and they shall be entitled to all the benefits in accordance with the pertinent provisions provided by law.

For the purposes of this Act, a typical Filipino household shall be understood to have two adults working full-time. A working poor who has a monthly income that is at least P2,250 but less than P8,260 shall be entitled to a counterpart government contribution for every valid monthly contribution to the SSS and the EC Fund based on the following schedule:

10 11	Range of income contribution	Monthly salary credit Gov't contribution for SSS	Contribution Contribution	SE's	SSS
12	P2,250 - P2,749.99	P2,500 P275.00	20%	80%	100%
13	P2,750 - P3,249.99	P3,000 P330.00	33 1/3%	66 %%	100%
14	P3,250 - P3,749.99	P3,500 P385.00	42 6/7%	57 1/7%	100%
15	P3,750 P4,249.99	P4,000 P440.00	50%	50%	100%
16	P4,250 – P4,749.99	P4,500 P495.00	55 5/9 %	44 4/9%	100%
17	P4,750 - P5,249.99	P5,000 P550.00	60%	40%	100%
18	P5,250 – P5,749.99	P5,500 P605.00	63 7/11%	36 4/11%	100%
19	P5,750 - P6,249.99	P6,000 P660.00	66 ¾%	33 ¼%	100%
20	P6,250 - P6,749.99	P6,500 P715.00	69 3/13%	30 10/13%	100%
21	P6,750 - P7,249.99	P7,000 P770.00	78 4/7%	21 3/7%	100%
22	P7250 - P7,749.99	P7,500 P825.00	86 ¾%	13 1/3 %	100%
23	P7750 – P8,259.99	P8,000 P880.00	93 ¾%	6 ¼%	100%

Provided, that contributions from government and the working poor shall be subject to review by the ECC and the SSS, taking into consideration poverty thresholds provided by the Philippines Statistics Authority not later than five (5) years after the effectivity of this Act and every six (6) years thereafter.

**SECTION 5.** Government Contribution. – The government contribution shall be paid only upon payment of the contribution by the working poor, subject to the schedule of payment prepared and prescribed by the SSS.

## 31 ARTICLE III 32 ADMINISTRATION AND FUNDING

**SECTION 6.** Social Protection Fund. A Social Protection Fund is hereby established under the budget of the Social Security System. This fund shall be used solely for the purpose of this Act and may not be used for other social protection programs of the government. This fund will be sourced from the following:

2 3	conducted by the Philippine Charity Sweepstakes Office to be used solely for medical and health-related benefits;			
4 5	b) Ten percent (10%) of the share of the national government in the earnings of the Philippine Amusement and Gaming Corporation; and			
6 7 8 9	c) Ten percent (10%) of the eighty percent (80%) of the remaining balance of the incremental revenue derived from Republic Act No. 10351 allocated for the universal health care under the National Health Insurance Program, the attainment of the millennium developmental goal and health awareness programs.			
10 11 12	<b>SECTION 7.</b> Administration of the Fund. The Social Protection Fund shall be administered by the SSS as a separate and distinct fund from the SSS investment Reserve Fund. The government contributions provided for under this Act shall be drawn from the Fund.			
13	SECTION 8. Responsibilities of the SSS. The SSS shall have the following responsibilities:			
14 15	a) Administer the Social Protection Fund, including the preparation of an annual financial report;			
16 17	b) Device systems and procedures for the timely computation of aggregate government matching contributions; and			
18	c) Undertake coverage campaigns among the working poor.			
19 20 21 22	<b>SECTION 9.</b> <i>Identification of the Working Poor.</i> On a nation-wide bases, the government shall select the working poor using a standardized targeting system and shall verify their monthly average income. The government shall conduct a revalidation of this selection every three (3) years.			
23 24	ARTICLE IV MISCELLANEOUS PROVISIONS			
25 26	<b>SECTION 10.</b> <i>Transitory Provision.</i> Section 6 of this Act shall be implemented at the beginning of the year following the approval of this Act.			
27 28 29 30 31	<b>SECTION 11.</b> <i>Implementing Rules and Regulations.</i> Within six (6) months from the effectivity of this Act, the Lead Convenor of the National Anti-Poverty Commission, the Secretary of Labor and Employment, the President and Chief Executive Officer of the Social Security System (SSS), and the Executive Director of the ECC shall promulgate the necessary rules and regulations for the effective implementation of this Act.			
32 33	ARTICLE V FINAL PROVISIONS			
34 35 36	<b>SECTION 12.</b> Separability Clause. — If any provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.			
37 38 39	<b>SECTION 13.</b> Repealing Clause. — Section 6 of Republic Act 9295 is hereby repealed. All laws, acts, presidential decrees, executive orders, issuances, presidential proclamations, rules and regulations or parts thereof which are contrary to and inconsistent with any provision of			

this Act are hereby repealed, amended or modified accordingly.

- SECTION 14. Effectivity. This Act shall take effect fifteen (15) days after its complete publication either in the Official Gazette or in at least two (2) newspapers of general circulation.
- 3 Approved,