

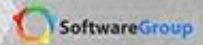


Microfinance and Inclusive Growth

MCPI Annual Conference

July 23 – 24, 2015 | Century Park Hotel, Manila

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BUTI NA LANG MAY SSS!



AMING KONTRIBUSYON, IPONG NAGBIBIGAY PROTEKSYON!

Social Protection for Inclusive Growth

- Presented by:
- **EMILIO S. DE QUIROS, JR.**
- President and CEO
- Social Security System

The Need for Inclusive Growth

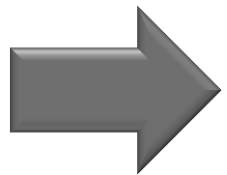
- Persistent poverty
- Growing levels of inequality
- Joblessness



Social Protection – Crucial to Inclusive Growth



- Designed to reduce poverty
- Protection against hazards and loss of income
- Helps manage life events and risks such as unemployment, sickness, disability & old age

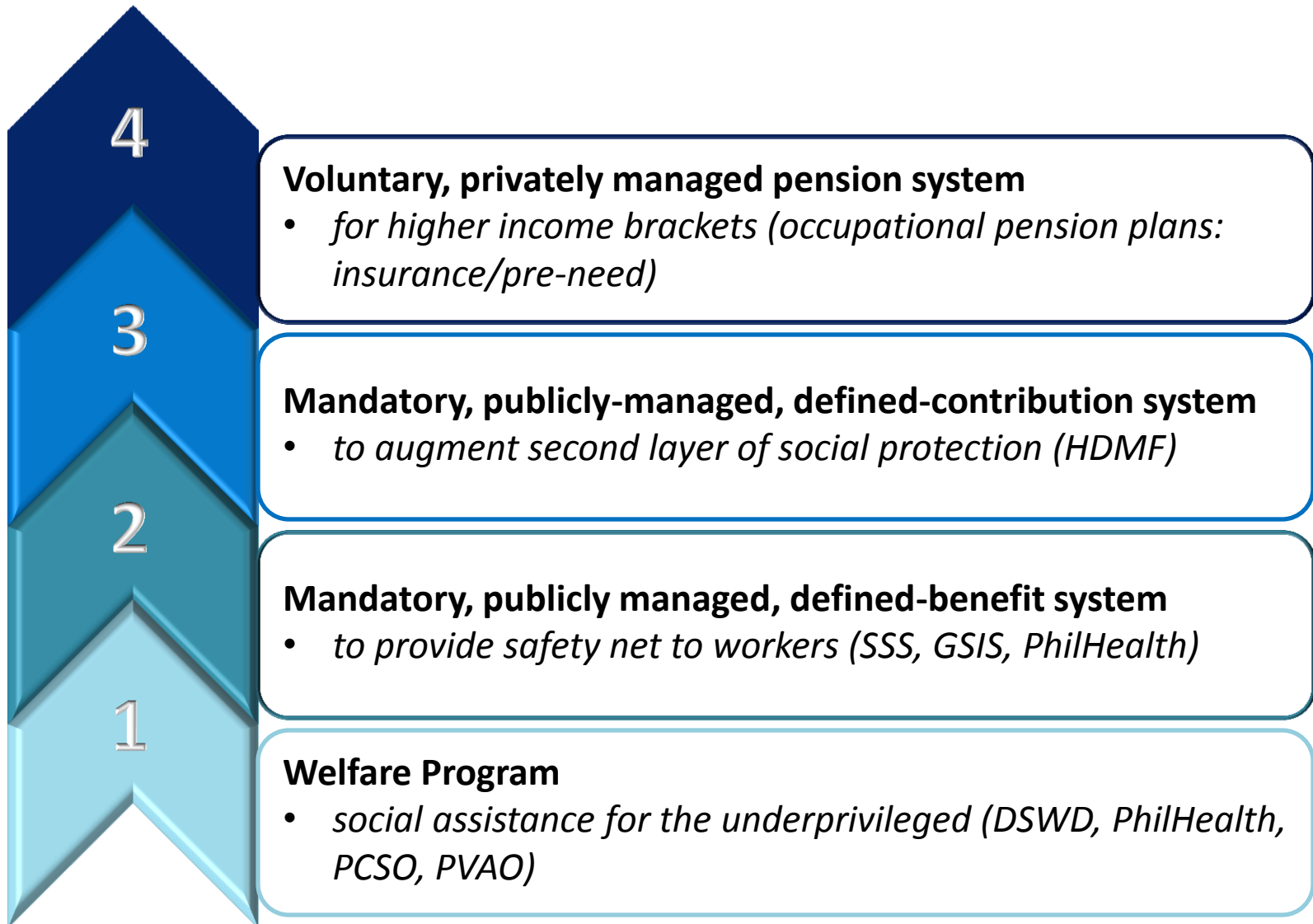


In sum, Social Protection systems not only protect people during times of economic crisis, but represent an investment in future growth.



**Source: Asian Development Bank*

Layers of Social Protection



01

**The Role of the Social Security System:
Social Protection for the Filipino**

Who are covered?

▶ All private-sector workers

- Not over 60 yrs. old
- With at least ₱1,000 monthly income

▶ Compulsory

- Employed
- Self-employed (SE)

▶ Voluntary

- Separated employees
- Non-working spouses
- Overseas Filipino Workers (OFWs)



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

What are the benefits provided?

LONG-TERM

SHORT-TERM

RETIREMENT Benefit

DEATH Benefit

DISABILITY Benefit

SICKNESS Benefit

MATERNITY Benefit

Tuloy-tuloy ang hulog, tuloy-tuloy ang benepisyo.
Mag-member na para protektado ka at 'yong pamilya.

Philippine Social Security System • Website: sss.gov.ph • Email member_relations@sss.gov.ph
Text SSS @ 2600 • Tel. No.: 920-6446 to 55, 917-7777

Miyembro.
BILIB KAMI SA'YO.

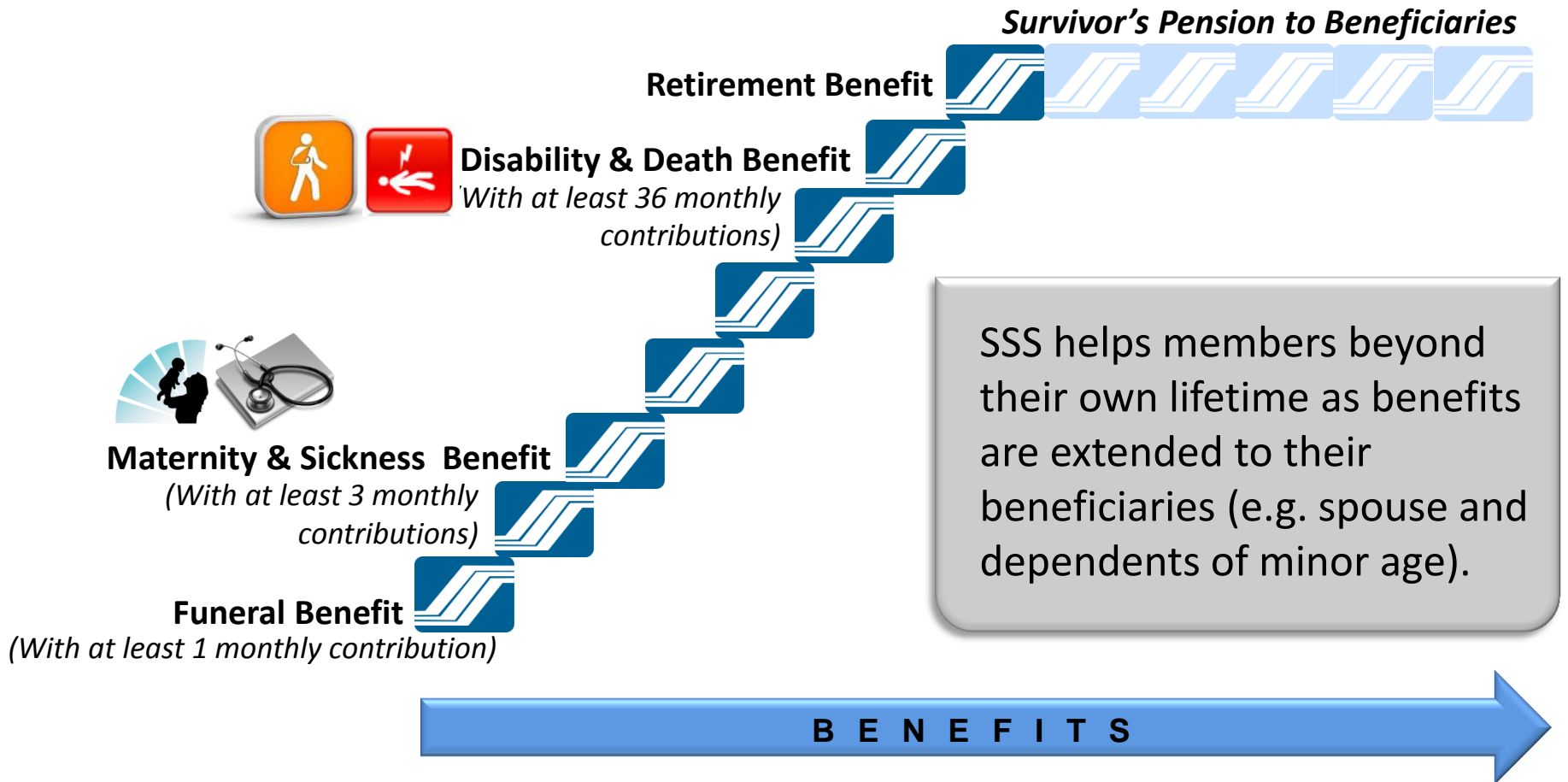
Contributions finance all these benefits



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

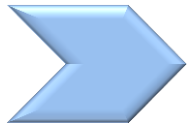
Lifetime Benefits Even For Member's Beneficiaries



02

Value of SSS Membership

Death Benefits



25 y.o. 35 y.o. 45 y.o. 55 y.o. 65 y.o.



Member dies; only 1 contribution

	Contributions	Pensions (5 years)
Min	P 550	P 44,000
Max	P 1,760	P 96,800

**Up to *80x in return*
(inclusive of P 20,000
funeral grant)**



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

Sickness Benefits



25 y.o. 35 y.o. 45 y.o. 55 y.o. 65 y.o.



Member gets sick for 120 days; with 3 contributions

	Contributions	Cash Allowances
Min	₱ 1,650	₱ 9,000
Max	₱ 5,280	₱ 28,800



Up to **5x in return**



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

Maternity Benefits



25 y.o. 35 y.o. 45 y.o. 55 y.o. 65 y.o.



Female member gives birth; with 3 contributions

	Contributions	Cash Allowances
Min	₱ 1,650	₱ 5,000/ ₱ 6,500
Max	₱ 5,280	₱ 16,000/ ₱ 20,800



Up to *4x in return*



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

Partial Disability Benefits



Member is *partially* disabled for 2 years; with 36 contributions

	Contributions	Pensions (2 years)
Min	₱ 19,800	₱ 65,000
Max	₱ 63,360	₱ 179,400

Up to **3x in return**



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

Total Disability Benefits



25 y.o. 35 y.o. 45 y.o. 55 y.o. 65 y.o.



Worker is *totally* disabled; with 36 contributions

	Contributions	Pensions (5 years)
Min	₱ 19,800	₱ 162,500
Max	₱ 63,360	₱ 448,500

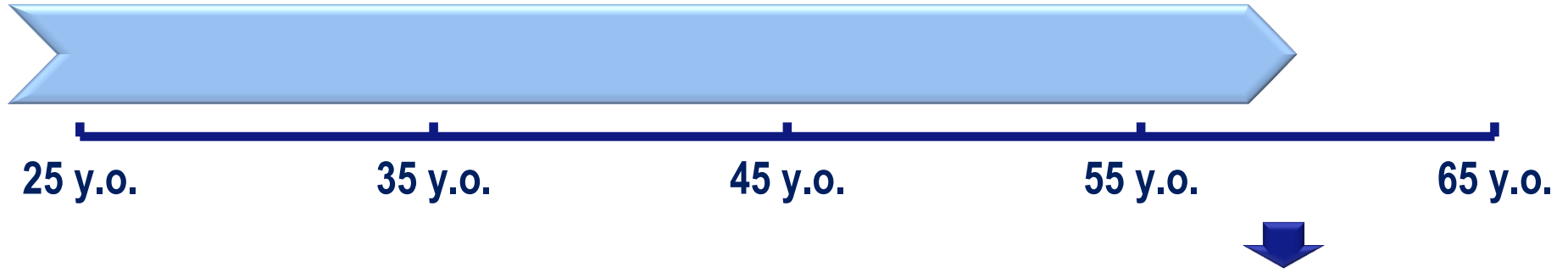
Up to **8x in return**



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

Total Disability Benefits



Member dies and has primary beneficiaries; with 36 contributions

	Contributions	Pensions (5 years)
Min	₱ 19,800	₱ 150,000
Max	₱ 63,360	₱ 436,000



**Up to *8x in return*
(inclusive of P 20,000
funeral grant)**



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

Retirement Benefits

Member with 20 Years of Service

25 y.o.

35 y.o.

45 y.o.

55 y.o.

65 y.o.

Becomes SSS member

Reaches compulsory retirement

	Contributions	Pensions
Min	₱ 132,000	₱ 624,000
Max	₱ 422,400	₱ 1,724,000

Up to **5x in return**



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

Benefit Value per Peso Contribution

Credited Service: 20 Years Pension Period: 20 Years	Minimum	Maximum
Contributions Paid	₱ 32,744	₱ 137,328
<i>Last Monthly Contribution</i>	<i>₱ 550</i>	<i>₱ 1,760</i>
Benefits Received	₱ 644,000	₱ 1,678,800
<i>Monthly Pension</i>	<i>₱ 2,400</i>	<i>₱ 6,380</i>
Contri-Benefit Ratio	₱ 1 : ₱ 20	₱ 1 : ₱ 12



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

03

Reaching Out for Inclusive Growth

Increased Membership

In Millions

Type of Member	Dec 2010	Apr 2015
Employed	19.9	23.7
Self-Employed	5.6	4.4
Voluntary	2.4	3.4
OFW	0.7	1.1
TOTAL	28.8	32.6



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

Reaching Out for Inclusive Growth – Expanding Membership to Other Workers

- Self-Employed
 - thru workers' associations & informal sector groups (e.g. TODA, market vendors, jail inmates)
 - Professionals (e.g. Insurance Commission, Phil. Institute of Civil Engineers)



- Job-Order/Contractual Workers (e.g. DILG, DSWD, MMDA & MIAA)
- Members of Cooperatives & Microfinance Institutions
- Agricultural Sector Farmers & Workers thru a Subsidy Program
- Workers living in Unbanked Areas (Alabat, Perez & Quezon)

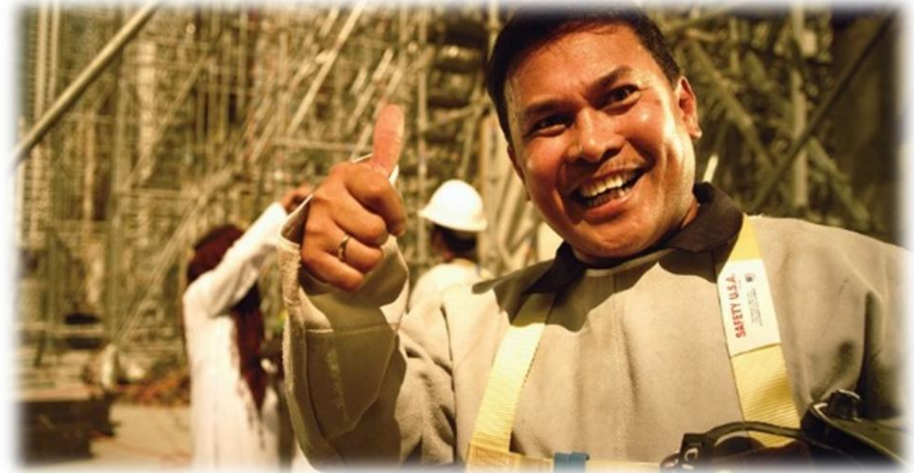


Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

Reaching Out to More OFWs

- Increased number of OFW-members (9% annually)
 - As of Dec 2010 – 723,864
 - As of Dec 2014 – 1,028,252
- Conducted OFW forums worldwide



- Social Security Agreements (SSAs) with 7 European countries and Canada; 3 SSAs for ratification, more under negotiation
- Launched the OFW Contact Center Unit



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

SSS Made More Accessible Here and Abroad

Branch Network

LOCATION	Dec 2010	As of Dec 2014
NCR	36	60
Luzon	70	118
Visayas	30	41
Mindanao	32	43
Foreign	13	21*
TOTAL	181	283

- In 2014, opened 25 branches, 13 service offices and 3 foreign representative offices

- Service Offices in malls nationwide:



*Including POEA



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

04

Latest Benefit Enhancements

Increase in Funeral Benefits

- From a fixed amount of P20,000 to a variable amount ranging from a minimum of P20,000 to a maximum of P40,000 based on the number of contributions and average monthly salary credit
- New formula for funeral benefit:

$$\text{Php}20,000 + (0.5\% \times \text{Number of Contributions} \times \text{Average Monthly Salary Credit})$$

Sample Cases Illustrating Funeral Benefit Increase

Years of Employment	<1	21	27	41	20	20
Average Monthly Salary Credit	1,000	4,000	6,000	6,000	14,000	16,000
Minimum Funeral Benefit	20,000					
No. of Contributions	1	250	334	500	250	250
Additional Funeral Benefit	5	5,000	10,020	15,000	17,500	20,000
TOTAL Funeral Benefit	20,005	25,000	30,020	35,000	37,500	40,000

Voluntary Provident Fund for SSS Members

SSS P.E.S.O. FUND

A voluntary provident fund enabling members to save their excess earnings providing:

- ✓ Tax-free earnings and increased retirement benefits;
- ✓ Contributions placed in gov't securities
- ✓ Guaranteed earnings



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

05

**Strengthening the
Social Security System**

What is the Life of the SSS Fund?

Ultimate goal: Gradually back to **perpetuity**

With Reform Agenda

Funds to last until 2042

In 2007: Funds to last until 2039

In 2003 : Funds to last until 2031

In 1999: Funds to last until 2015

In 1980: Funds to last in **perpetuity**

(70 years based on international standard)

06

Facts you should know

Fact 1 – SSS is a “defined benefit” vs. a “defined contribution” system

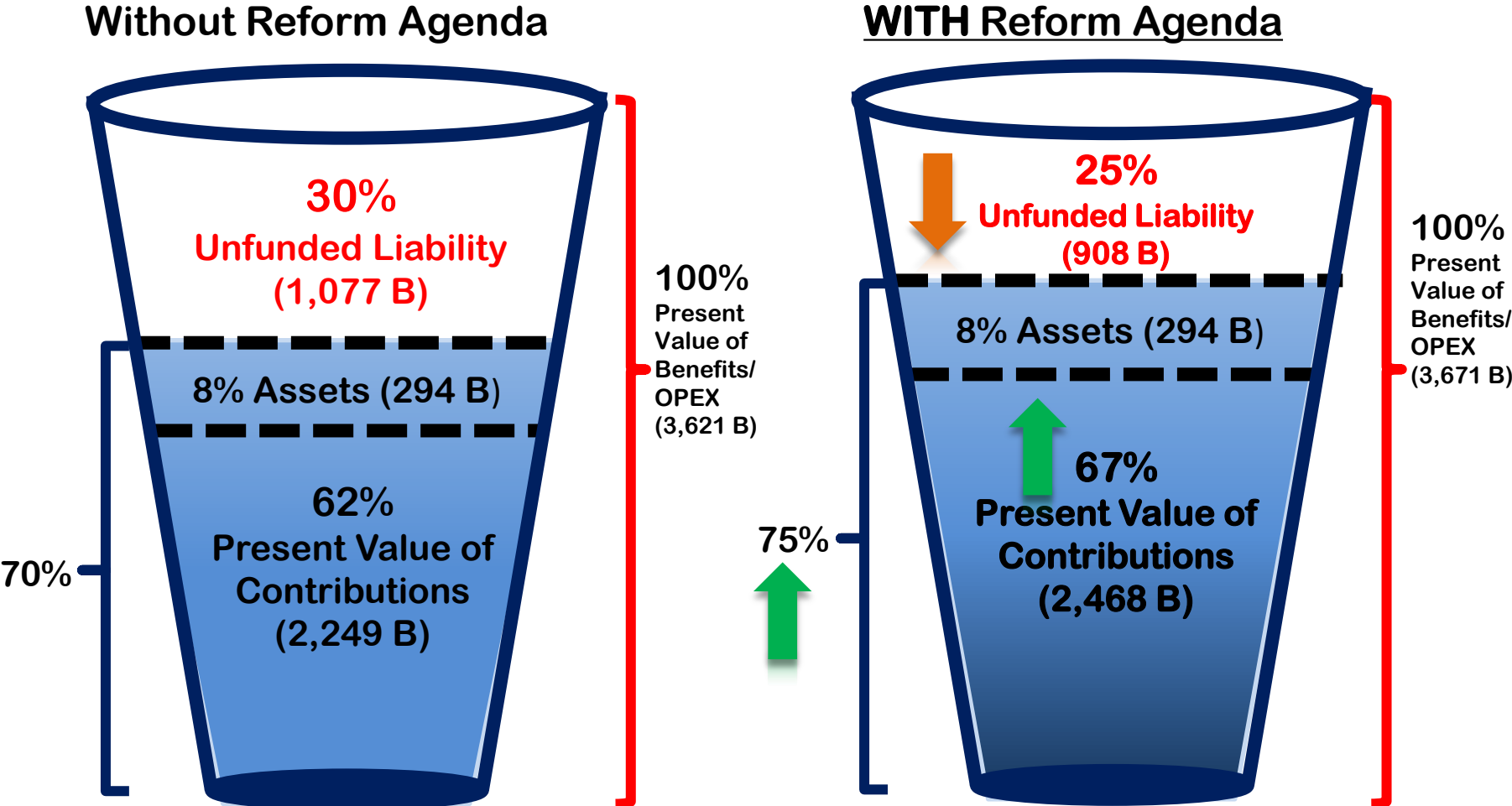
- Benefits are *pre-determined* using a formula based on the ***number of contributions paid and the MSC***, NOT the peso amount/value of contributions and the earnings of SSS.



These defined benefits created a wide gap between the amount of contributions collected and the benefits given to the members.



Fact 2 – The contribution rate increase will reduce the unfunded liability



*Based on 2011 Actuarial Update

Fact 3: The magnitude of unfunded liability is not a constant amount and will continue to grow annually

- The actuarial study assumes an 8% discount rate to value both the contributions and benefits to year 2011.
- Inversely, the unfunded liability will also grow by 8% annually. Thus:

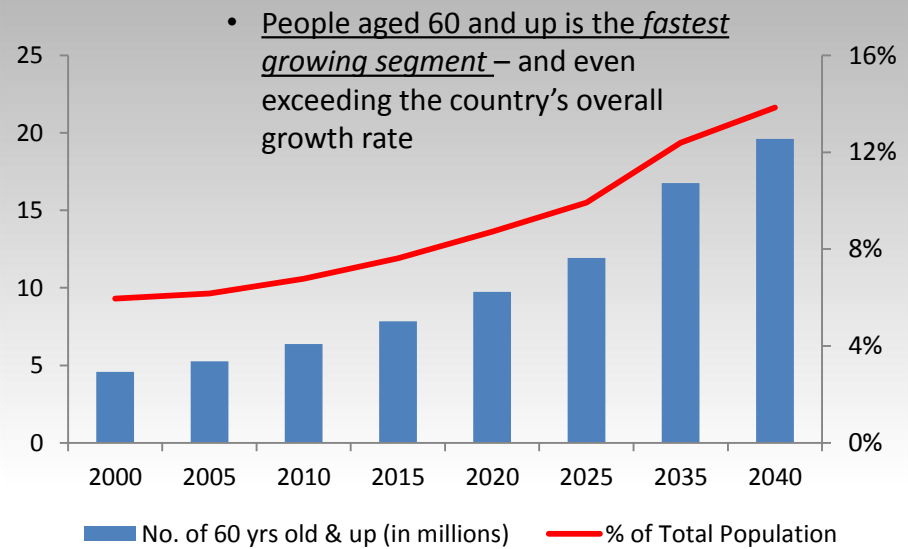
Php 908 B x 8%
= Php 73 B annually

We have to strengthen our capability of providing future benefits of the members who will eventually become retirees.



What will be the prospective profile of the Philippine population in the coming years?

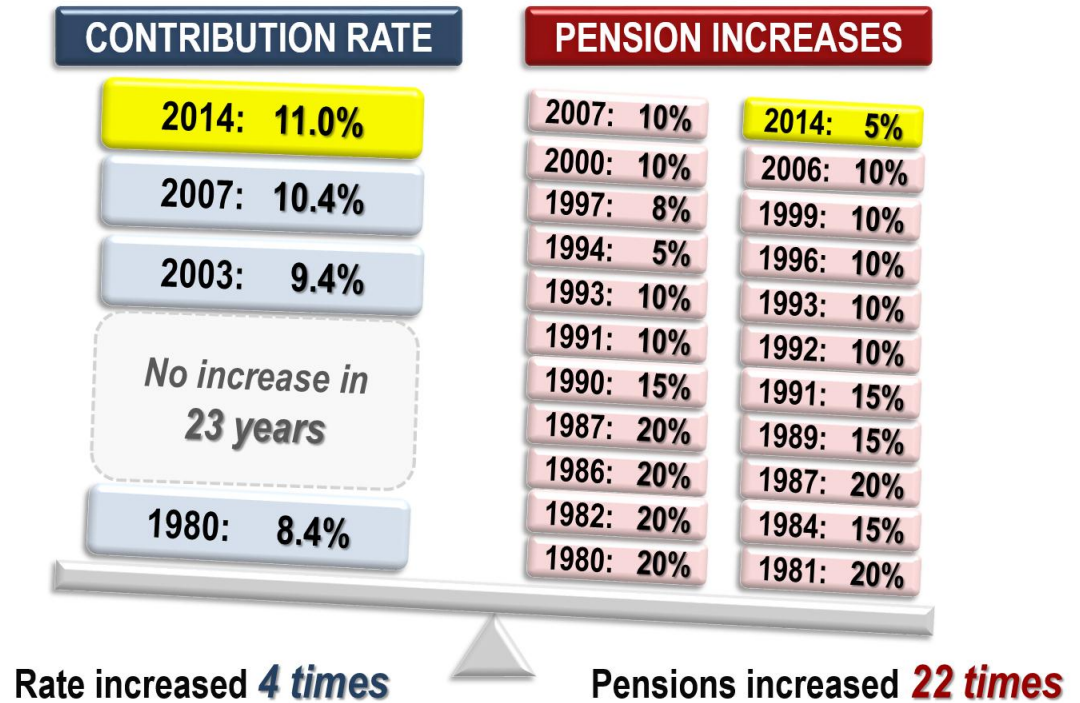
The Aging Population of the Philippines*



**Source: Philippine Statistics Authority, NSCB*

Fact 4: The cause of the growth of the unfunded liability

- Unfunded liability continually grew due to frequent increases of pension benefits.
- Pension increases consequently affect the financial resources of the fund given the commitment to providing increased benefits to members.

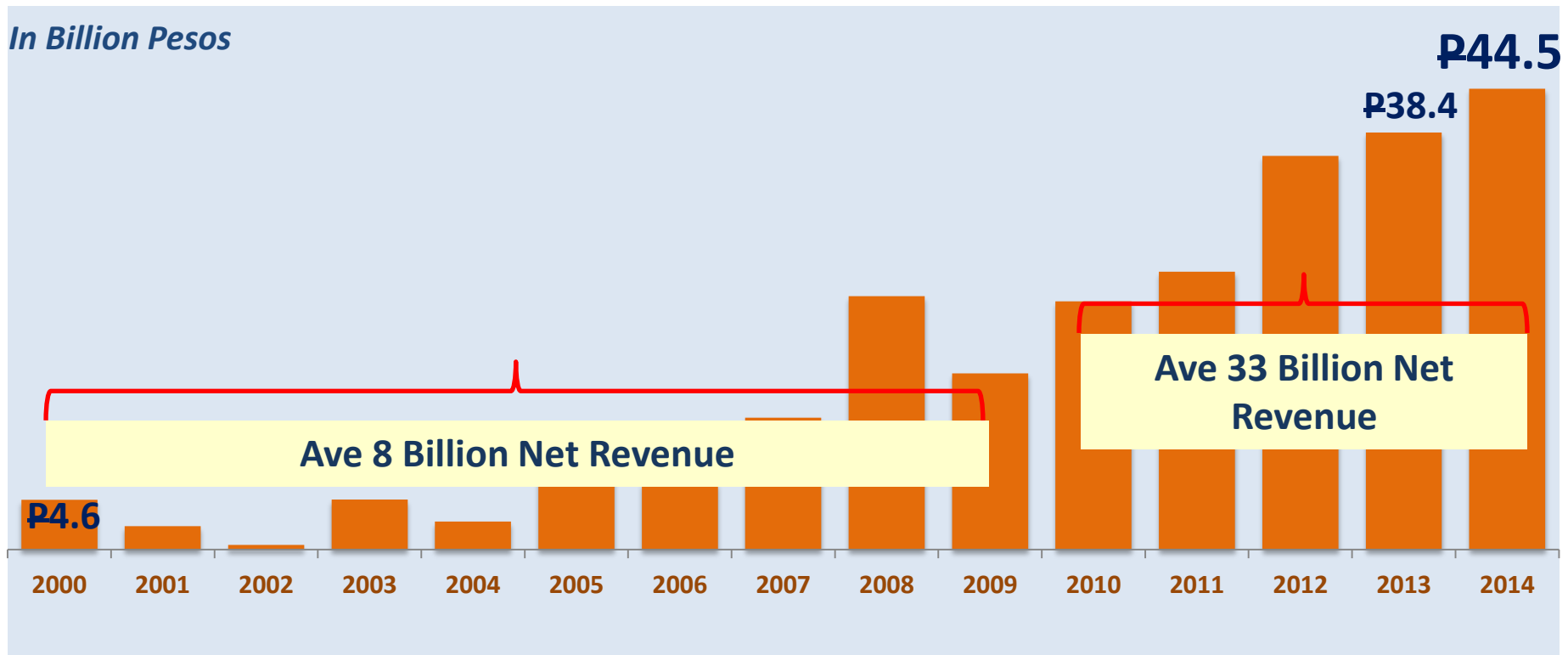


Currently, SSS has 1.9 million pensioners, paying an estimated Php 92 B** annually.*

*No. of Retirement, Death & Disability Pensioners as of Mar 2015

**Amount paid to pensioners Jan – Dec 2014

Fact 5: The unfunded liability is not a reflection of the financial performance of SSS



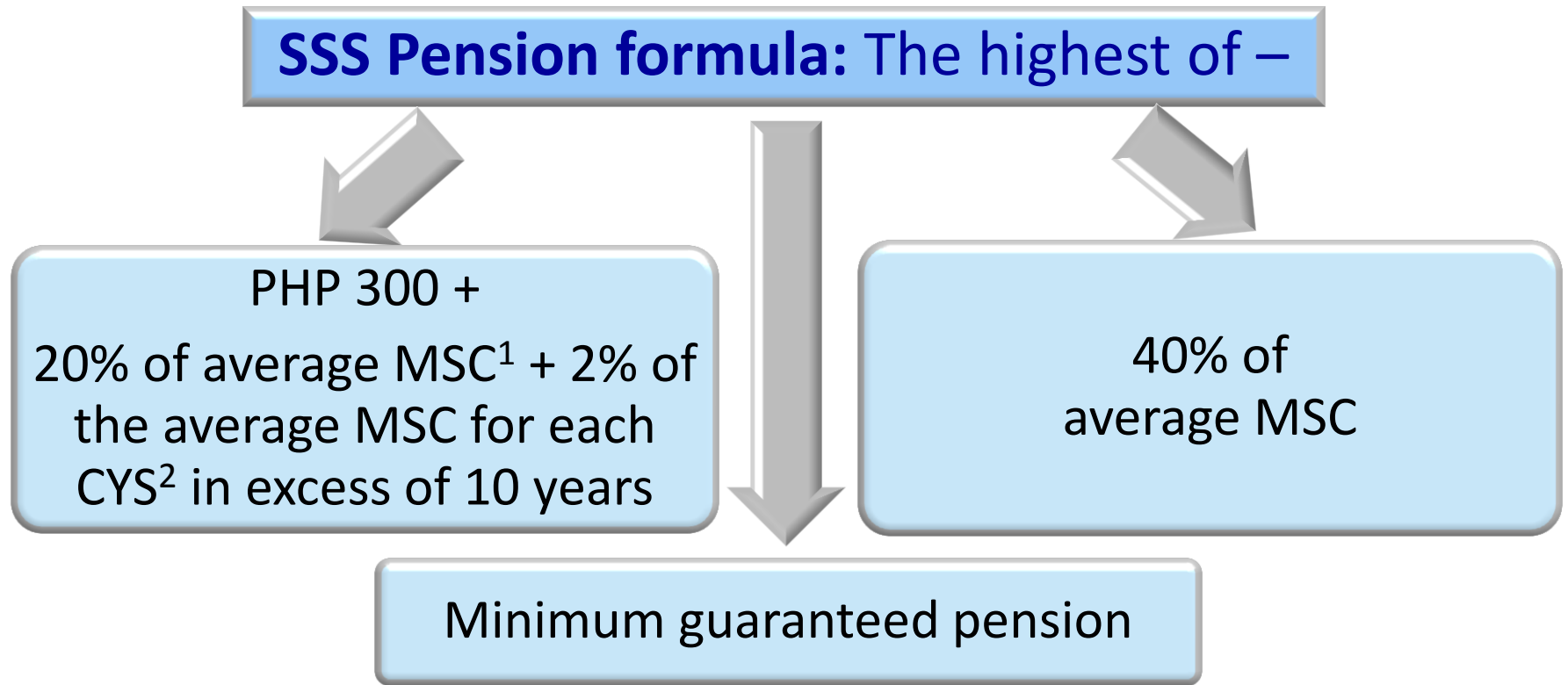
- Average annual net revenue increased from ₱8 Billion (2000 to 2009) to ₱33 Billion (2010 to 2014).



Buti na lang may SSS!

Aming kontribusyon, ipong nagbibigay proteksyon!

Fact 6 – Monthly pension is highly dependent on the Monthly Salary Credit (MSC) and number of contributions



Retirement

- PHP 1,200/month if $10 < \text{CYS} < 20$
- PHP 2,400/month if $\text{CYS} \geq 20$

Disability & Death

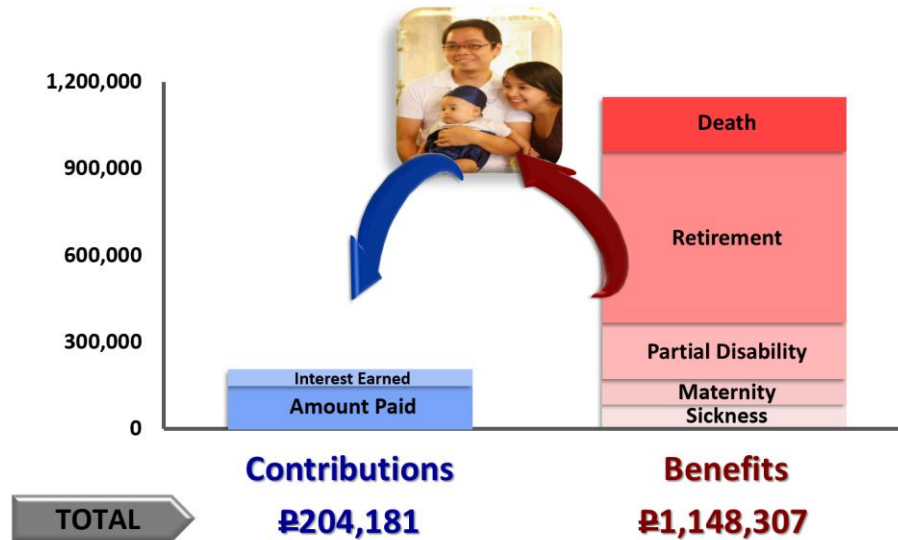
- PHP 1,000/month if $\text{CYS} < 10$
- PHP 1,200/month if $10 < \text{CYS} < 20$
- PHP 2,400/month if $\text{CYS} \geq 20$

¹Monthly Salary Credit

²Credited Years of Service

Fact 7: The contributions paid to SSS are not an expense but in reality savings for the future

- Common misconception: Contributions are expenses similar to electric and water bills



- The amount of benefits received are a lot bigger than the amount of contributions

If not eligible for pension, total contributions are returned to member plus interest.





End of presentation. Thank you.