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 NUMBE...

REPUBLIC ACT NO. 4857, June 18, 1966

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Be it enacted by the Semite 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, Phil-ippines, 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."
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> SEC. 2. Section five of the same Act is further amended by amending paragraph (a) to read as follows:
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> "SEC. 5. Settlement of Claims.— (a) Any dispute aris-ing 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."
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> SEC. 3. Section eight of the same Act is further amen-ded by amending paragraph (e), subparagraph 8 of paragraph (j), and paragraph (k) thereof, and adding thereto new paragraphs (1), (m), (n), (o), and (p) which shall read as follows:
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> SEC. 8. Terms defined.—For the purposes of this Act, the following terms shall, unless the context indicates otherwise, have the following meanings:
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> "(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 em-ployee 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, ac-knowledged 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 clay 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 ob-tained 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 perma-nent disability or retirement by sixty; or the result ob-tained 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 dis-ability 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 eight-een 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 pe-riod 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 amend-ed 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 em-ployment shall cease at the end of the month of separation, but said employee shall be credited with all contribu-tions 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

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such rules and regulations as may be promulgated by the Commission."

SEC. 5. Section twelve of the same Act is further amen-ded 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, or upon being totally and permanently disabled after having paid at least thirty-six monthly contributions, a covered employee shall have the option to retire and shall 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 com-puted as follows:

"Thirty per cent of the first three hundred pesos of the average monthly salary credit or fraction thereof;

"Six per cent of the excess over three hundred pesos; plus one sixteenth of one per cent of the average monthly salary credit for each monthly contribution in excess of one hundred twenty: Provided, That a member of the System covered prior to June eighteen, nineteen hundred sixty-two and who was fifty years of age or over on the date of his coverage shall be entitled to the benefits here-under if he has paid a number of monthly contributions equivalent to twelve times the difference between his age at coverage and sixty, but in no case less than twenty-four: Provided, further, That the monthly pension shall in no case be less than thirty pesos.

"(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 payment of contributions to the System. on his own.

"(c) The monthly pension shall be suspended:

"(1) Upon the re-employment of a retired employee who is less than sixty-five years old if he receives from his employment a monthly compensation of more than one hundred twenty pesos, in which case, he shall again be subject to Selection eighteen hereof, and his employer to Section nineteen; or

"(2) Upon the recovery of an employee retired due to total and permanent disability.

"(d) The monthly pension of a member retired before July first, nineteen hundred sixty-six shall be recomputed m accordance with paragraph (a) of this section and the amount shall be his new monthly pension beginning with said date."

"SEC. 13. Death and permanent disability benefits.—

SEC. 6. Paragraph (a) of Section thirteen of the same Act is further amended to read as follows: (a) Upon the covered employee's death or total and per-manent disability, if such disability occurs before he has paid thirty-six monthly contributions to the System, he or in case of his death, his beneficiaries shall be entitled to the basic lump sum amount plus five- twelfths of one per cent of the basic lump sum amount for each monthly contri-bution in excess of one hundred twenty monthly contributions: Provided, That any of the following conditions is satisfied at the time of death or total and permanent dis-ability:

"1. He shall have paid eighteen monthly contributions within the thirty-six calendar month period ending on the last day of the second quarter preceding the quarter of death or total and permanent disability; or

"2. His payment ratio is not less than eighty per cent; Provided, further, That if none of the foregoing condi-tions are satisfied, his death or total and permanent disability benefit shall be the above amount multiplied by one and one-fourth times his payment ratio: Provided, finally, That the death or total and permanent disability benefit shall not be less than the total contributions paid by him and his employer in his behalf to the System nor less than five hundred pesos: Provided, however, That a covered employee who dies or becomes totally and permanently disabled in the month of coverage shall be entitled to the minimum benefit."

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Sec. 7. Section fourteen of the same act is further amended to read as follows:

"SEC. 14. Sickness benefit.— (a) under such rules and regulations as the Commission may prescribe, any covered employee under this Act who has paid at least twelve monthly contributions and who, on account of sickness or bodily injury is confined for more than five days in a hospital, or elsewhere with the Commission's approval shall, for each day of such confinement, or fraction thereof, be paid by his employer, or by the System if such person is unemployed or is a voluntary member, an allowance equivalent to seventy per cent of the average daily salary credit if he has at least one defendent, otherwise, forty per cent of the average daily salary credit, but in no case shall the total amount of such daily allowance, if any, be less than two pesos and fifty centavos nor exceed eight pesos nor paid for a period longer than one hundred twenty clays in one calendar year; nor shall any unused portion of the one hundred twenty days sickness benefits granted under this section be carried forward and added to the total period allowable in the subsequent year: Provided, That such allowance shall begin only after all current sick leaves of absence with full pay, if any, to the credit of the employee shall have been exhausted: Provided, further, That payment of such allowances shall be promptly made by the employer every regular pay day, or on the fifteenth and last day of each month in the case of direct payment by the System, for as long as such allowances are due and payable.

"(b) One hundred per cent of the daily benefits provided

in the preceding paragraph shall be reimbursed by the Sys-tem to said employer upon receipt of satisfactory proof of such payment and legality thereof: Provided, however, That the claim for reimbursement shall be adjudicated by the System within a period of two months from receipt thereof: Provided, further, That should no payment be received by the employer within one month after the period prescribed herein for adjudication, the reimbursement shall thereafter earn simple interest of one per-cent per month until paid. "

SEC. 8. Section fifteen of the same Act is further amended to read as follows:

SEC. 15. Non-transferability of benefits.—The System shall pay the benefits provided for in this Act to such persons as may be entitled thereto in accordance with the provisions of this Act: Provided, That the beneficiary who resides in a foreign country, which does not extend benefits to a Filipino beneficiary residing in the Philippines or which is not recognized by the Philippines, shall not be entitled to receive any benefits under this Act: Provided, further. That if the recipient is a minor or a person incapable of administering his own affairs the Commission shall appoint a representative under such terms and con-ditions as the Commission may deem proper: Provided, further, That such appointment shall not be necessary in case the recipient is under the custody of, or living with, the parents or spouse, in which case the benefits shall be paid to such parents or spouse as representative payee of the recipient. Such benefits are not transferable, and no power of attorney or other document executed by those entitled thereto in favor of any agent, attorney, or any other individual for the collection thereof in their behalf shall recognized except when they are physically and legally unable to collect personally such benefits: Provided, finally, That in the case of death benefits, if no beneficiary has been designated said benefits shall be paid to the legal heirs in accordance with the laws of succession."

SEC. 9. Section twenty-four of the same Act is further

amended to read as follows:

"SEC. 24. Employment records and reports.—(a) Each employer shall report to the System the names, ages, civil status, occupations, salaries and dependents of all his employees, who are in his employ and who are or may later be subject to compulsory coverage within a period of thirty days from the date of their employment: Provided, That if an employee subject to compulsory coverage should die or become sick or disabled without the System having previously received a report about him from his employer within the period prescribed, the said employer shall pay to the employee or his legal heirs damages equivalent to the benefits to which said employee would have been entitled had his name been reported on time by the employer to the System: Provided, further, That the records and reports duly accomplished and submitted to the System by the

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employee or the employer, as the case may be, shall be kept confidential, shall not be divulged without the consent of the parties involved, shall be presumed to be correct of the data and other matters stated therein unless the necessary corrections to such records and reports have been properly made by the parties concerned before the right to the benefit being claimed accrues and shall be made the basis for the adjudication of the claim and such adjudication shall be final.

Sec. 10. Section twenty-five of the same Act is further mended to read as follows:

"SEC. 25. Deposit and disbursement.—(a)All moneys Paul to or collected by the System every year under this Act and accruals thereto shall be deposited, administered and disbursed in the same manner and under the conditions and requirements as provided by law for other public special funds: Provided, That of the total yearly collection of contributions and net income from investments not more than twelve percent during fiscal year 1966-1967, said percentage limit to be decreased by one half percent each succeeding fiscal year, but not less than seven percent shall be disbursed for salaries, and wages, purchased of office equipment and materials, operational expenses and the establishment of regional offices of the System: Provided, further, That if the expenses of the System in any are less than the maximum amount permissible, the difference shall not be availed of as additional expenses of the System in the following years: Provided, further, That the decentralization of operation shall be given priority and the System shall submit to the Congress an annual progress report on the development of the program."

SEC. 11. Paragraph (f) of section twenty-six is hereby amended to read as follows:

"(f) In other projects and investment which, in the determination of the Commission, shall redound to the System, its members, as well as the public welfare: Provided, that any such investments shall be made with due diligence and prudence to earn the highest possible interest consistent with safety."

SEC. 12. Effectivity. —This Act shall take effect upon its approval.

Approved, September 1, 1966.

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