

# Types of Retirement Benefit



## Types of Benefit

There are two types of retirement benefit:

- [Monthly pension](#) - a lifetime cash benefit paid to a retiree who has paid at least 120 monthly contributions to the SSS prior to the semester of retirement.
- [Lump sum amount](#) - granted to a retiree who has not paid the required 120 monthly contributions. It is equal to the total contributions paid by the member and by the employer including interest.

## MONTHLY PENSION

A lifetime cash benefit paid to a retiree who has made at least 120 monthly contributions prior to the semester of retirement. The monthly pension is paid for not less than 60 months.

### Benefit Computation

The monthly pension depends on the member's paid contributions, his or her credited years of service (CYS), and the number of dependent children, which should not exceed five. The amount of monthly pension will be the highest result of the following formulae:

1. the sum of P300 plus 20 percent (20%) of the average monthly salary credit plus two percent (2%) of the average monthly salary credit for each CY in excess of 10 years; or
2. 40 percent (40%) of the average monthly salary credit; or

3. P1,200, if with at least 10 CY; P2,400, if with at least 20 CY.

A retiree has the option to receive the first 18 months pension in lump sum, discounted at a preferential rate of interest to be determined by the SSS. This option can be exercised only upon filing of the first retirement claim, and only advance payments shall be discounted on the date of payment. The Dependent's Pension and 13th Month Pension are excluded from the advanced 18 months pension.

The retiree will receive the regular monthly pension on the 19th month and every month thereafter.

If a member who filed for optional retirement at age 60, becomes re-employed, and then re-applies for technical retirement at age 65, his monthly pension will be the higher of the following:

1. the monthly pension computed at the earliest time the member could have retired had he been separated from employment or ceased to be self-employed, plus all adjustments thereto; or
2. the monthly pension computed at the time when the member actually retires. A pensioner who retires more than once shall be entitled to the higher of:

- the monthly pension computed for the first retirement claim; or
- the re-computed monthly pension for the new claim.

## Other Benefits

The retiree is entitled to a 13th Month Pension payable every December.

Moreover, retiree pensioners prior to the effectivity of RA 7875 on March 4, 1995 are automatically considered members of PhilHealth, and they and their legal dependents are entitled to its hospitalization benefits. On the other hand, retirees effective March 4, 1995 up to the present will be entitled to hospitalization benefits under PhilHealth only if they have contributed 120 monthly Medicare contributions. The counting of 120 monthly contributions shall start in 1972, when the Medical Care Act of 1969 started implementation.

A copy of DDR print-out indicating the type of claim is retirement in nature and the effectivity date of pension or in its absence, a Copy of Retiree-Pensioner Certification issued by SSS shall be required. They need to register with PhilHealth for the issuance of a PhilHealth ID card for Non-Paying members.

## Dependent's Pension

The legitimate, legitimated or legally adopted, and illegitimate children – conceived or adopted on or before the date of retirement of a retiree – will each receive dependent's pension equivalent to 10 percent (10%) of the member's monthly pension, or P250, whichever is higher.

Only five (5) minor children, beginning from the youngest, are entitled to the dependent's pension. No substitution is allowed. If there are more than five dependents, the legitimate, legitimated or legally adopted children shall be preferred.

## Who are "Dependents"?

Those considered "Dependents" are as follows:

1. Legitimate, legitimated, legally adopted and illegitimate child who is:
  - unmarried;
  - not gainfully employed; and
  - has not reached 21 years of age, or if over 21 years old, he/she is congenitally incapacitated or while still a minor was permanently incapacitated and incapable of self-support, physically or mentally.
2. A child who has entered into a common-law relationship and has not attained the age of eighteen.

However, upon reaching the age of 18, the child shall stop receiving dependent's pension.

In cases where there are five (5) or more dependent legitimate, legitimated, legally adopted and illegitimate children, the dependent legitimate, legitimated, and legally adopted children shall be preferred. Where there are less than five (5) legitimate, legitimated, or legally adopted children, the illegitimate children shall be considered to complete the maximum five (5) dependents.

## Until when is Dependent's Pension paid out?

Payment of the Dependent's Pension shall stop when the dependent:

- dies;
- reaches 21 years old, unless congenitally incapacitated, or while still a minor was permanently incapacitated and incapable of self-support, physically or mentally;
- is gainfully employed;
- marries;
- enters into a common-law relationship upon attaining at least 18 years of age; or
- attains the age of 18 while having a common-law relationship.

“Gainfully employed” refers to one who is employed/self-employed where he/she renders regular work and receives compensation or derives income for at least six (6) continuous months in any given year, as shown in the member’s contributions records/Annual Confirmation of Pensioner (ACOP), or based on findings.

Suspended dependent’s pension of a gainfully employed dependent may be resumed, upon submission of proof that he/she was separated from employment or ceased to be self-employed and provided that he/she is unmarried and has not reached 21 years of age, or if over 21 years of age, he/she is congenitally incapacitated or while still a minor was permanently incapacitated and incapable of self-support, physically or mentally.

### **Benefit Payment**

The monthly pension is paid thru the designated bank account opened by the member under the “SSS Pensioner’s Remittance thru Bank” Program. This became mandatory effective September 1, 1993.

A member must open a single savings account and submit to the SSS his savings account number and a photocopy of his passbook upon filing of his application, or he may accomplish the Visa Cash Card Enrollment Form. The original copy of the passbook must be presented for authentication purposes.

For ATM accounts, the name of the member must be embossed and the savings account number must be indicated in the ATM card; otherwise, a copy of the deposit slip must be submitted.

- The monthly pension shall be suspended upon the re-employment or resumption of self-employment of a retired member who is less than 65 years of old. The member shall again be subjected to compulsory coverage. At 65 years old, whether employed or not, he can already claim for retirement benefit.
- Upon the death of a retiree pensioner, the primary beneficiaries shall be entitled to 100 percent of the monthly pension and the dependents to the dependent’s pension.
- If the retiree pensioner dies within sixty (60) months from the start of the monthly pension and has no primary beneficiaries, the secondary beneficiaries shall be entitled to a lump sum benefit equivalent to the total monthly pensions corresponding to the balance of the five-year guaranteed period, excluding the dependent’s pension.

### LUMP SUM AMOUNT

To qualify for lump sum retirement benefit, a member is at least 60 years old (or 55 years old, if an underground mineworker) for optional retirement, or 65 years old (or 60 years old, if an underground mineworker) for technical retirement, and has paid **less than 120 monthly contributions**.

A member filing for retirement benefit and has paid less than 120 monthly contributions shall be given the option to continue paying the contributions as a VM to complete the 120 months to avail the full benefits thru monthly pension.

## Payment of Lump sum Benefit

Effective May 2016, the member may opt to receive the lump sum benefits for SS and EC Disability, SS Death and Retirement directly through his/her bank account, instead of receiving the check through the mail. The Payment thru-the-Bank Program shall become mandatory upon implementation of the Benefits Workflow System.

Upon filing of benefit application, the member will be asked to open a single savings account (or use an existing one, if any) and submit to SSS a photocopy of any of the following:

- the savings account passbook;
- the ATM card bearing the member's name and account number;
- a validated initial deposit slip;
- bank statement or certification;
- or
- Visa Cash Card Enrollment Form.

The original passbook/ATM card must be presented for authentication purposes.

For members without an existing single savings account, the SSS shall issue a Letter of Introduction (LOI) form to be presented to his/her chosen SSS-accredited bank for the purpose of opening a single savings account.

Upon approval of the claim, the SSS will mail a notice voucher to the member informing him/her when to withdraw the benefit from the bank.