The Social Security System (SSS) has always had a strong corporate ethic centered on promoting social justice and providing meaningful social protection for its members and their families. For 60 years now, the pension fund has ensured that every Filipino worker has the financial security to meet his needs now, and to take charge of his future. Thus, the affirmation, “SSS: Anim na Dekadang Sinisiguro, Kinabukasan ng Bawat Miyembro.”

The SSS 60th Anniversary logo aims to create an overall youthful vibe for the institution’s Diamond Year. The vivid and nationalistic colors characterize the elements of longevity and dynamism. Longevity – one of the many facets that makes diamonds so valuable, and Dynamism – one of the inherent qualities of SSS that allows it to cover and serve more members here and around the world, now and in the years to come.

Finally, the shape of the number was drawn from unique Mindanaoan elements – a nod to the southern region of the Philippines that is expected to be the next area of growth. The linking of two numbers portrays the spirit of “Kabalikat” and communicates the idea of a strong and stable partnership between the SSS and its valued members.

Mission
To manage a sound and viable social security system, which shall promote social justice and provide meaningful protection to members and their families against the hazards of disability, sickness, maternity, old age, death and other contingencies resulting in loss of income or financial burden.

Vision
A viable social security institution providing universal and equitable social protection through world-class service.
MILESTONES

September 1, 1957
Social Security System was established to implement the Social Security Act of 1954. The first benefit offered to members was for Disability and Death, while initial coverage was extended to employers with at least 50 employees.

November 16, 1964
SSS operations were decentralized with the establishment of 10 regional and 59 provincial offices.

April 23, 1973
Voluntary SSS coverage for Filipino overseas workers.

July 1, 1974
Funeral benefits were offered to beneficiaries and Survivor’s Pension was extended to legitimate children of SSS members.

January 1, 1978
Maternity benefits were given to qualified female members computed at 100% of their daily salary credit for 45 days.

September 1979
The “Mag-Impok sa Bangko Program” was launched.

January 1980
Presidential Decree No. 1636 was implemented, which provided for, among others, compulsory SSS coverage of certain self-employed persons.

March 15, 1987
Corporation Board offered for members on delinquent housing loans.

September 1988
Corporation Board offered for all SSS and EC members.

December 1988
Borrowing of 18th month pension started for all SSS and EC members.

May 1, 1990
Monthly supplemental pension was granted to SSS total disability pensioners, while Medicare benefits were given to SSS retirees and their dependents.

July 1991
Business Rehabilitation Program launched for small and medium enterprises, as authorized by the Mt. Pinatubo eruption.

January 1, 1992
Coverage of farmers and fishermen under the self-employed program started.

September 1, 1992
Monthly supplemental allowance was granted to all SSS permanent partial disability pensioners; and the Member’s Assistance Center (MAC) was opened in Diliman, Quezon City as a one-stop-shop to cater to all the needs of members.

April 23, 1992
Daily maternity benefits were increased from 45 days to 60 days for normal delivery or miscarriage and from 60 days to 78 days for caesarean deliveries.

September 1, 1993
Coverage of Housekeepers started. In 1993, the SSS also pursued a decentralization program and initiated the use of imaging technology in processing pension claims started.

January 1, 1994
The expanded imaging center, which now included salary loans processing, was inaugurated and the Automatic Debit Arrangement (ADA) and the Interactive Voice Response System (IVRS) were launched.

September 1, 1995
Coverage of Non-Working Spouse began and the Electronic Data Interchange (EDI) Net was launched.

January 1, 1996
The start of Expanded Self-Employed coverage, in 1996, computerization and decentralization were pursued with representative offices upgraded to full-service branches. The program “Saklaw in WSW: Walto, naa Dax, World-class” was launched. The SSSnet was piloted.

May 1, 1997
The signing of Republic Act No. 8823, otherwise known as the “Social Security Act of 1997,” amending the Social Security Act (Republic Act No. 1161).

Also in 1997, several service initiatives were launched: the SSS Biometrics ID, the SSS Electronic Clearance System, the SSS Information Kiosks, and the SSS Website. The SSS also established the Business Recovery Center to ensure continuous operations in the event of a calamity or man-made disaster.

April 16, 1999
Medicare Functions of SSS were transferred to Philhealth (RA 7875). Also in 1999, the SSS ID Card Production Center was inaugurated.

January 1, 1999
In 1999, for the first time 5 SSS Info Kiosks was launched at the malls in Makati, Manila, Cebu and Davao. Also, the new iD card data capture station was brought to Hong Kong and Taiwan to enable OFWs to register and have their new SSS iD.

May 2000
A Direct Housing Loan Program for Trade Union members and OFWs was offered, and the retirement age of underground mine workers was lowered from 60 to 55 years old.

November 2000
The SSS Livelihood Trade Center at the East Triangle property was opened to encourage small and medium scale entrepreneurs to venture into business.

May 2001
The Fisinfund Program for OFWs was offered. Also in 2001, the Covenant of Service (CSS) program, which is SSS commitment to significantly reduce the processing time of member benefits, was launched.

April 2002
Opening of five-month Salary Loans and opening of the Stock Investment Loan Program (SILP) for qualified SSS members.

September 1, 2002
Various service initiatives were launched, such as: On-Line Injury System, Text-SSS, Branch Telling System and Solicitude. Maternity, Maturity, and Employment Compensation (SMEC) Payment thru the Bank Program.

February 2003
The Special Financing Programs for Small Enterprises was opened to support the micro-business development program of the government.

August 2003
The SSS joined the Unified Multi-Purpose Identification System (UMID) Project, which aims to streamline, harmonize and unify existing identification systems used by government agencies through the issuance of a common reference number (CRN).

September 30, 2004
A Condonation Program was offered on penalties on delinquent short-term member loans.

October 2004
A Condonation Program was offered on penalties for delinquent Stock Investment loans.

November 2004
A Condonation Program was opened for members on short-term loans.

May 2005
A Single Employer Registration Process was started between SSS and Philhealth.

June 2005
SSS Facebook page was created.

February 2006
Open the 1-800 toll free no. for local & international services.

February 2007
Offered the l-800 toll free no. for local & international services.

February 2008
SSS launched the SSS P.E.S.O. Fund, a voluntary Provident Fund.

February 2009
Launched the OFW Contact Service Unit (OFW-CSU).

September 2009
A Condomization Program and Directons-en-Page Program for delinquent housing loans was offered.

February 2010
Launched the SSS Biometrics ID, the SSS Electronic Verification System (EVSS) and the Automated Records Management System.

March 2011
Launched the AlkatSSSya Program to cover informal sector workers. The DILG-SSS partnership was started to require all business permit applicants to submit SSS Certificate of Compliance.

May 2012
This year marked the launch of the KaltaSSS-Credit Program, Automated Teller Machine, and Kasambahay, Unified Registration System.

April 2013
SSS rolled out the MuniSSSipyo-Collect Program with LGUs.

June 2013
Launched the Simulated Retirement Benefit Calculator in the SSS Website.

February 2014
The SSS launched the SSS P.E.S.O. Fund, a voluntary Provident Fund.

February 2015
SSS increased the Funeral Benefits from P25,000 to P40,000.

February 2016
SSS also increased the Pension Benefits from 450% to 500%.

February 2017
Launched the OFW Contact Service Unit.

February 2018
SSS also increased the Pension Benefits from 450% to 500%.

February 2019
SSS also increased the Pension Benefits from 450% to 500%.

February 2020
SSS also increased the Pension Benefits from 450% to 500%.

February 2021
SSS also increased the Pension Benefits from 450% to 500%.
### PERFORMANCE HIGHLIGHTS & QUICK FACTS

**(Amounts in billion pesos)**

**CONTRIBUTION COLLECTIONS**
- 10.6% increase

**INVESTMENT & OTHER INCOME**
- 35.5% increase

**BENEFIT PAYMENTS**
- 28.4% increase

### COMPARATIVE HIGHLIGHTS

**(Amounts in million pesos)**

<table>
<thead>
<tr>
<th>CONSOLIDATED</th>
<th>For the year</th>
<th>Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. REVENUES &amp; EXPENDITURES</strong></td>
<td></td>
<td>%</td>
</tr>
<tr>
<td>Revenues</td>
<td>200,501.72</td>
<td>174,461.12</td>
</tr>
<tr>
<td>Members' Contribution</td>
<td>159,724.02</td>
<td>144,364.88</td>
</tr>
<tr>
<td>Investment and Other Income</td>
<td>40,777.70</td>
<td>30,096.24</td>
</tr>
<tr>
<td>Expenditures</td>
<td>180,226.82</td>
<td>142,456.15</td>
</tr>
<tr>
<td>Benefit Payments</td>
<td>170,683.58</td>
<td>132,978.77</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>9,543.24</td>
<td>9,477.38</td>
</tr>
<tr>
<td>Net Revenue/(Loss)</td>
<td>20,274.90</td>
<td>32,004.97</td>
</tr>
<tr>
<td><strong>B. ASSETS &amp; RESERVES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>504,865.48</td>
<td>476,396.48</td>
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<tr>
<td>Investments</td>
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<td>440,077.07</td>
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<tr>
<td>Property and Equipment</td>
<td>4,653.28</td>
<td>4,767.87</td>
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<tr>
<td>Others</td>
<td>39,399.97</td>
<td>31,551.54</td>
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<tr>
<td>Liabilities</td>
<td>12,778.04</td>
<td>11,976.34</td>
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<tr>
<td>Reserves</td>
<td>492,087.44</td>
<td>464,420.15</td>
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<tr>
<td><strong>SOCIAL SECURITY FUND</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A. REVENUES &amp; EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>196,287.05</td>
<td>170,969.02</td>
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<tr>
<td>Contributions</td>
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<td>142,451.26</td>
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<tr>
<td>Investment and Other Income</td>
<td>38,670.52</td>
<td>28,517.76</td>
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<tr>
<td>Expenditures</td>
<td>179,013.10</td>
<td>141,283.33</td>
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<tr>
<td>Benefit Payments</td>
<td>169,533.61</td>
<td>131,883.67</td>
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<tr>
<td>Operating Expenses</td>
<td>9,479.49</td>
<td>9,399.66</td>
</tr>
<tr>
<td>Net Revenue/(Loss)</td>
<td>17,273.95</td>
<td>29,685.69</td>
</tr>
<tr>
<td><strong>B. ASSETS &amp; RESERVES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>467,248.56</td>
<td>441,833.48</td>
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<tr>
<td>Investments</td>
<td>426,252.60</td>
<td>406,396.76</td>
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<td>Property and Equipment</td>
<td>4,653.28</td>
<td>4,767.88</td>
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<tr>
<td>Others</td>
<td>36,342.68</td>
<td>30,668.84</td>
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<tr>
<td>Liabilities</td>
<td>12,777.66</td>
<td>11,963.97</td>
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<tr>
<td>Reserves</td>
<td>454,470.90</td>
<td>429,869.51</td>
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<tr>
<td><strong>EMPLOYEES’ COMPENSATION AND STATE INSURANCE FUND</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A. REVENUES &amp; EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>4,214.67</td>
<td>3,492.11</td>
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<tr>
<td>Members’ Contribution</td>
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<td>1,913.62</td>
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<tr>
<td>Investment and Other Income</td>
<td>2,107.18</td>
<td>1,578.49</td>
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<tr>
<td>Expenditures</td>
<td>1,213.72</td>
<td>1,172.82</td>
</tr>
<tr>
<td>Benefit Payments</td>
<td>1,149.97</td>
<td>1,066.11</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>63.75</td>
<td>77.71</td>
</tr>
<tr>
<td>Net Revenue/(Loss)</td>
<td>3,000.95</td>
<td>2,319.29</td>
</tr>
<tr>
<td><strong>B. ASSETS &amp; RESERVES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>37,616.92</td>
<td>34,563.00</td>
</tr>
<tr>
<td>Investments</td>
<td>34,559.63</td>
<td>33,680.30</td>
</tr>
<tr>
<td>Others</td>
<td>3,057.29</td>
<td>882.70</td>
</tr>
<tr>
<td>Liabilities</td>
<td>0.38</td>
<td>12.37</td>
</tr>
<tr>
<td>Reserves</td>
<td>37,616.54</td>
<td>34,550.64</td>
</tr>
</tbody>
</table>

*Includes Mortgagor’s Insurance Account, Flexi and PESO Funds*
MESSAGE FROM THE PHILIPPINE PRESIDENT

Malacañan Palace
Manila

MESSAGE

My warmest greetings to the Social Security System (SSS) on the publication of its 2017 Annual Report.

For more than six decades, SSS has made it possible for hardworking Filipinos to dream big and aspire for better lives. By helping its members cope with contingencies such as sickness, disability, childbirth, old age and death, the system has provided a more secure financial future for its beneficiaries and their families.

I laud the agency for its earnest efforts in going after employers who neglect the responsibility of remitting contributions in behalf of their employees. Its commendable efforts to collect over one billion pesos in delinquencies through various legal means is proof of the dedication of the men and women of the SSS to ensure the welfare of our workers.

May last year’s accomplishments inspire us to look forward to a stronger, more resilient and financially viable SSS that is capable of providing adequate and equitable social protection to its 36 million members worldwide. Together, let us improve the lives of our people so they may realize their true potential as the catalyst for our collective growth as a nation.

I wish you all the best.

RODRIGO R. DUTERTE
President
Republic of the Philippines

MANILA
May 2018
Our commitment is service—nothing less.

“SSS is Social Security System to all Filipinos. To all of us working in SSS, it means ‘Sobra Sobrang Serbisyo!’ SSS is Service! Service! Service!”

During the 60th Anniversary celebration held on September 6, 2017, I opened the event with those words. Today, as it has been for the past 60 years, nothing has changed. Service remains to be our commitment. It remains to be our article of faith.

As we celebrate another milestone year, we look back with pride that SSS has been a staunch ally of its members for six decades now.

We are exerting all possible means for our pension fund to continue staying strong, ready to help its members through difficulties and milestones of their lives, for generations to come.

MISSION ACCOMPLISHED!

In 2017, amidst the major challenges that rocked our institution, we fulfilled our mission to provide meaningful protection against the hazards of contingencies for all members and their beneficiaries. A total of 3.4 million individuals received benefits amounting to about ₱70.7 billion. Those are good growth rates at 12% and 28%, respectively, compared to the previous year. As in past years, Retirement benefit received the lion’s share in benefits disbursement.

Related to Retirement benefits, we have revised the retirement ages of both underground and surface mineworkers, to allow them to enjoy the fruits of their labor earlier.

Loans are privileges that our members can turn to in times of unforeseen contingencies. Though only 5% of our members availed themselves of loans in 2017, the total amount disbursed reached ₱14 billion. The 10% growth compared to previous year is partly attributable to the creation of the Calamity Loan Assistance Program (CLAP), which is a new and separate loan window from the regular salary loan. We want to ensure that we have extended all assistance to our affected members in the disaster-stricken and armed-conflict areas. CLAP hopes to help members as they start to rise and rebuild their lives after their catastrophic experience.

And lastly, a total of about 2.3 million pensioners enjoyed an average of ₱4,331 monthly pension in 2017. We truly appreciate our pensioners and their dedication to SSS. They have spent many years working to provide for the needs of their families and to be able to contribute to SSS. Now, it is high time we give back and take care of them.

BENEFITS FROM SOCIAL SECURITY AND EMPLOYEES’ COMPENSATION

<table>
<thead>
<tr>
<th></th>
<th>No. of Members &amp; Beneficiaries</th>
<th>Growth</th>
<th>PHP Released (in Millions)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sickness</td>
<td>413,824</td>
<td>449,888</td>
<td>9%</td>
<td>2,267</td>
</tr>
<tr>
<td>Maternity</td>
<td>251,476</td>
<td>289,763</td>
<td>15%</td>
<td>5,289</td>
</tr>
<tr>
<td>Retirement</td>
<td>1,300,234</td>
<td>1,428,852</td>
<td>10%</td>
<td>79,106</td>
</tr>
<tr>
<td>Disability</td>
<td>17,036</td>
<td>20,656</td>
<td>20%</td>
<td>1,604</td>
</tr>
<tr>
<td>Medical Services/Rehabilitation</td>
<td>2,391</td>
<td>2,680</td>
<td>12%</td>
<td>15</td>
</tr>
<tr>
<td>Death</td>
<td>131,766</td>
<td>156,737</td>
<td>19%</td>
<td>39,201</td>
</tr>
<tr>
<td>Funeral</td>
<td>965,599</td>
<td>1,013,759</td>
<td>5%</td>
<td>3,583</td>
</tr>
<tr>
<td>Total</td>
<td>3,050,756</td>
<td>3,438,934</td>
<td>12%</td>
<td>132,979</td>
</tr>
</tbody>
</table>
SSS @ 60

SSS today is a much improved version of SSS from 60 years ago. Disbursement of the pension fund grew nearly 20 million times from the P80,000 in benefits paid in its first year of operations in 1957, to the P1.45 trillion disbursed at just the end of the first quarter of 2017. We have definitely come a long way. There is no other financial institution in the Philippines offering a wide-range of financial products and services that can impact as many lives as we already have, and continue to do so even more. We never cease to challenge our capabilities to be true to our calling in the service of the Filipino worker.

Investments + Contributions = Stronger Pension Fund. Our income from contributions and investment has always been the strong pillar and source of benefits for members. Investment and other income surged to P40.8 billion amidst the fair value gain in some of the SSS investment property and the implementation of the Loan Restructuring Program (LRP). Income from Government Securities grew by 11.5%, reaching the funds of SSS, with added disbursement during the year. While this move largely depleted of the Filipino worker.

This fervor is equally matched with our presence in legislative bodies of government, where amendments to the SSS Charter related to penalties and other provisions are being crafted, with SSS management’s attendance to eight (8) public hearings and technical working group meetings in 2017.

An effective way of improving contribution collection is by increasing the number of SSS members. We targeted a good number of professional and non-professional groups in 2017. We signed a Memorandum of Agreement with the Integrated Bar of the Philippines (IBP) to cover about 6,000 self-employed lawyers, as well as with the Katipunan ng mga Artisang Filipino sa Pelikula at Telebisyong (KAPPT) with its approximately 1,600 movie and television industry workers.

This pension increase, however, was neutralized by the intensified efforts towards improving the contribution collection. We launched “Operation Tokhang” – patterned after the government’s program against illegal drugs – to go after the convicted employers by serving warrants of arrest, with the help of the Philippine National Police. The Run Against Contribution Evaders (RACE) campaign, on the other hand, was patterned after the Run After Tax Evaders (RATE) program of the Bureau of Internal Revenue (BIR). It is a show of force of SSS in a public place to address SSS coverage-related concerns, instill awareness on employers’ obligations, and facilitate the apprehension or filing of cases against employers for violation of Republic Act 8282 or the Social Security Law. This is part of our unrelenting efforts to send a strong message that the present administration is determined to pursue its mandate of providing adequate, universal, and sustainable social security protection to our people.

This advocacy of providing meaningful social security protection is a concern that we continue to pursue. For example, in the case of the Informal Sector Group, the AlkanSSSya program is in place to ensure their social security coverage. Worth mentioning is the support of the Parafaque LGU, under the leadership of Mayor Edwin L. Olivarez, to the AlkanSSSya program. He pledged to shoulder the fabrication cost of the AlkanSSSya units to ensure that the new 980 members of ten (10) Tricycle Operators and Drivers Associations (TODA) will pay their contributions regularly. I highly encourage other LGUs to share this advocacy of providing meaningful social security protection to working Filipinos in their respective jurisdictions.

The result of all these combined efforts: contribution collections of P59.7 billion, with a growth rate of 10.6% compared to the previous year.

We have also forged agreements with national government agencies and local government units (LGU) for self-employed coverage of job order and contractual hires excluded from the pension scheme for government employees. Meanwhile, for the most vulnerable sector of our society, the Informal Sector Group, the AlkanSSSya program is in place to ensure their social security coverage. Worth mentioning is the support of the Parafaque LGU, under the leadership of Mayor Edwin L. Olivarez, to the AlkanSSSya program. He pledged to shoulder the fabrication cost of the AlkanSSSya units to ensure that the new 980 members of ten (10) Tricycle Operators and Drivers Associations (TODA) will pay their contributions regularly. I highly encourage other LGUs to share this advocacy of providing meaningful social security protection to working Filipinos in their respective jurisdictions.

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The result of all these combined efforts: contribution collections of P59.7 billion, with a growth rate of 10.6% compared to the previous year.
Embracing the Digital Age.

SSS is gradually moving towards paperless transactions, which is more convenient for our members and less costly for us. For example, using the Bayad Center Module, a web-based payment collection facility, transacting employers are no longer required to fill out payment forms in paper since the contribution statement of account is presented upon payment of employees and employer contributions in selected Bayad Center branches. With the additional payment options, employers are expected to fulfill their obligations of remitting the SSS payments on time to avoid penalties and violations.

We prioritized the automation of systems to speed up the processing of benefit claims, loans, and other member transactions. Doing direct transfer of funds for loans and benefit proceeds to their bank accounts is a lot easier, safer and faster. Using the UnionBank Quick Card and Citibank Cash Cards, our member-borrowers may now withdraw their social security benefits at their own convenience. It also eliminated the cost of printing and mailing of checks, as well as possible delays due to delivery time and lost checks. This only proves that SSS is serious in finding innovative ways to improve service delivery for members’ greater convenience.

The laying of the groundwork for the electronic Collection System or e-CS has also started. This is the real-time posting of contribution payments from SSS branch teller facilities and other payment channels. Since about 66% of our contribution collections are remitted through payment channels aside from our tellering facilities, we made sure that our collection partners, including all commercial and universal banks, are in sync with our system to implement Real-Time Processing of Contributions (RTPC) in early 2018.

In fulfillment of our duty to bring better quality services to our pensioners, we have revised the rules of the Annual Confirmation of Pensioners Program (ACOP), so that retiree pensioners who are living in the Philippines are no longer required to report yearly to SSS to ensure the continuous payment of their monthly pension. Moreover, conduct of home visit by SSS personnel shall be made for pensioners who are 85 years old and above, as well as for total disability pensioners with particular illnesses such as total blindness, amputation of two (2) or more extremities, Parkinson’s, and persistent paraplegia/paraparesis, whose compliance is through representative or via mail.

Enhancing Communication with Stakeholders. The Digital Age paved the way for virtual communication. This is advantageous for us in reaching members who cannot physically go to our branch offices. In 2017, about 230 promotional materials such as infographics, press releases and advisories were disseminated through our social media sites (Facebook, Twitter and YouTube) as well as the official website (www.sss.gov.ph).

For a more thorough discussion on the different benefit programs and services of SSS, members and employer-attendants in-depth seminars organized by the Member Education Department. The two-way process of communication was preserved through Stakeholder Dialogues conducted by the Public Affairs and Special Events Division, through which we received feedback and suggestions from employer and labor sector representatives alike.

STRONGER PARTNERSHIPS, BETTER SERVICES.

The employers and other partner institutions of SSS play an important role in furthering the vision and mission of SSS. It is but right for us to celebrate our 60th Anniversary by giving our top partners due recognition during the 2017 Balikat ng Bayan (BNB) Program. Our responsibility to private sector workers is a huge task and every bit of support from employers and partner institutions – such as collecting and paying banks and other financial institutions, media companies and personalities, cooperatives and non-government organizations – truly goes a long way.

We also partnered with other government agencies like the Civil Service Commission (CSC) and the Governance Commission for GOCCs (GCG) to keep the pension fund afloat amidst the low-growth environment of the market through management activities that conscientiously comply with the discharge of our fiduciary responsibilities.

Finally, our partners in the Philippine Embassies, Consulates, and Overseas Labor Offices generously shared their office space for our operations in top destination countries. This has given us major savings so we can direct our budget to where it is needed most - the needs of our members.

MISSION POSSIBLE!

For the past 60 years, we made the commitment to service, kept it and continued to uphold it. Our mission may be daunting but we are not alone. We have the support of our members, the employers and various partner agents whether in government or in the private sector. We have to make sure that funds are available for every member, regardless if they are actively paying or not, because membership to the pension fund does not lapse. They have worked hard all their lives and contributed greatly to the success we are now experiencing. Let us not disappoint them.

As we pass the baton to our successors in the next few years, decade or 60 more years, may they look back to this period with great honor and pride for what we have accomplished.

“As I close my Message during this 60th Anniversary Celebration, may this time truly be our defining moment – that we have made SSS the ‘Bastion of Social Security’ and the ‘Bulwark of Social Justice’ as we envisioned it to be.”

EMMANUEL F. DOOC
President and Chief Executive Officer
2017 IN REVIEW

JANUARY

SSS PCEO Emmanuel F. Dooc (left, photo, middle), together with SSS Chief Actuary SVP George Ongkiko and SSS Investments Sector EVP Rizalda T. Capulong (1st and 3rd), answered the pension hike-related queries of business executives and corporate officers who attended the 25th Members’ General Meeting (MGM) of the Employers Confederation of the Philippines (ECOP) on January 19 at St. Luke’s Global City in Taguig. Right photo shows the state-run pension fund head holding the tokens of appreciation that were handed to him by ECOP Chairman Edgardo G. Lacson (rightmost) for being the event’s resource speaker on the latest updates in SSS pension increase.

"While the P1,000 increase in SSS pensions effective January 2017 will be fully financed by current contributions and investment income, the SSS is still under pressure to look for other and more lucrative investment opportunities to increase income, grow the social security fund, and to keep operating costs at a bare minimum." Social Security Commission (SSC) Chairman Dean Amado Valdez explained to members of Rotary Club of Manila during its meeting on January 19 at the Manila Polo Club, Makati City. Chairman Valdez and PCEO Dooc were indefatigable SSS spokespersons who relayed before various stakeholder groups the need for amendments to the SSS Charter to ensure the fund's long-term financial viability.

Graduating students of Centro Escolar University (CEU) flocked to the SSS booth during the university’s Job and Career Fair held on January 27 at the Student Activity Center of CEU Manila Campus. Services offered include issuance of SSS numbers, online verification of contributions, screening and receiving of loans and benefits applications, attending to queries on benefits and privileges as well as distribution of forms and information materials. Close to 400 students applied for SSS number during the one-day event. Eighteen (18) other campus-based job fairs were participated in by the SSS as part of its information coverage efforts in 2017.

MARCH

On March 17, the SSS signed a Memorandum of Agreement (MOA) with the National Maritime Polytechnic (NMP), a government-owned maritime training center, for the coverage of their job order and contractual workers. The MOA provides social security protection for NMP workers who are now covered as self-employed members of SSS and whose contributions will be deducted from their salaries and remitted to SSS by the training center administration. SSS branches throughout the country sought out partnerships with local government units and national government agencies to cover their job order and contractual workers under the KaltaSSS-Collect Program so that these workers get adequate social protection despite not being covered under the Government Service Insurance System (GSIS).

March 17 saw the formal opening of the full-service SSS ilagan Branch that caters to nearly 2,000 registered employers and more than 17,000 members and pensioners in over 295 barangays. Photo shows SSS PCEO Emmanuel F. Dooc and SSS Chairman Amado D. Valdez (front row, 2nd and 3rd from left) leading the ribbon cutting ceremony at the North Star Mall in Ilagan, Isabela City. Joining them were (front row, from left) mall owner PP. Alexander Cruz, and Commissioner Silvestre H. Bello III, Gonzalo F. Duque, and Michael G. Regino. In 2017, six (6) other branches were inaugurated namely, SSS Roxas, SSS Dadi, SSS Reina Regente, SSS Cebu, SSS Fairview, and SSS Canlaon. In addition, four (4) more branches namely, SSS Novelices, SSS Masbate, SSS Tacloban, and SSS Cauayan were relocated. As of December 2017, the SSS has a total of 290 local offices.

SSS Chairman Amado D. Valdez and SSS PCEO Emmanuel F. Dooc (left photo, 3rd to 4th from left), together with (from left) SVP Voltaire P. Agas, Commissioner (2nd from right) Gonzalo F. Duque, Chief Actuary George Ongkiko, Jr., and Vice President G. Bugante responded to the various concerns of the attendees of the 23rd Quarterly Dialogue with Labor Leaders held on February 17 at the SSS Gallery in Diliman, Quezon City. Issues raised by the labor groups (right photo) were mainly about the P1,000 hike in SSS pension, SSS membership, efficiency in contribution collection amid rampant contractualization, as well as proposals to raise the salary bracket for seafarers and the possibility of designating SSS deputies all throughout the country. Among the labor groups present were the Construction Workers Solidarity, Apostleship of the Sea, Federation of Free Workers, National Federation of Labor Unions, Trade Union Congress of the Philippines-AWATU, Katipunan, and Sentro, to name a few. Another regional labor dialogue was held in San Nicolas, Ilocos Norte on October 20.

The SSS, through its Health Care Department (HCD) and in partnership with the Philippine Drug Enforcement Agency (PDEA), conducted a Drug Awareness Lecture in support of the government’s anti-illegal drugs campaign. Held on March 17 at the SSS Ramon Magaysay Hall, the event featured as speaker Mr. Patrick Madayag (left photo). PDEA’s Information Officer for Preventive Education and Community Service, right photo shows (from right) ACCESS President Amorosolo L. Competente, Atty. Cecilia Cuevas Torrijos of the SSS Governance and Administrative Adjudication Department, and HCD OM III Dra. Victoria U. Poquiz, three of the five members of the SSS Drug-Free Workplace Committee, together with HCD Medical Specialist II Dra. Anne Margaret Ramirez.

The SSS set up an information center and offered its social security services to thousands of job seekers at the Department of Labor and Employment-National Capital Region (DOLE-NCR) Job Fair last February 24 at San Andres Sports Complex in Malate, Manila. In 2017, the SSS participated in seven (7) more government-based job fairs, namely: DOLE-NCR Labor Day Job Fair, Job Fair in Manila, Commission on Audit Job Fair in Quezon City, Philippine Retailers Association Career Expo in Trinoma Mall, PESSO Valenzuela Independence Day Job Fair in Dalandanan, Board of Investments @ SG Job Fair in Pasay, PESSO Valenzuela Mega Job Fair at the City Astrodome, and Makati-PESO’s 3rd Mega Job Fair in Makati; as well as in two (2) other job fairs initiated by private multi-specialty hospital Metropolitan Medical Center and HR solutions company JobQuest.ph. In addition, the SSS also partnered with various media organizations for the conduct of similar events such as the Serbisyon Kapuso Caravan ng Artist Center, ABS-CBN Kapamilya Services, ABS-CBN Grand Kapamilya Day, DZBB Trabajo Negosyo Fair, Philippine Daily Inquirer Career Expo, three (3) RGMs: Trabajo Negosyo Fairs, and two (2) Manila Bulletin Classifieds Job Fairs.

FEBRUARY

On March 17, the event was featured as speaker Mr. Patrick Madayag (left photo). PDEA’s Information Officer for Preventive Education and Community Service, right photo shows (from right) ACCESS President Amorosolo L. Competente, Atty. Cecilia Cuevas Torrijos of the SSS Governance and Administrative Adjudication Department, and HCD OM III Dra. Victoria U. Poquiz, three of the five members of the SSS Drug-Free Workplace Committee, together with HCD Medical Specialist II Dra. Anne Margaret Ramirez.
The SSS invited members of the public, mainly from various labor and employer organizations, to give feedback on the proposed SSC Circular on the issuance of warrants of distress, levy, and garnishment (WDLG). The draft circular, formally introduced on April 7 at the SSS Ramon Magsaysay Hall in Diliman, Quezon City, details the guidelines implementing Section 22 (b) of Republic Act 8282 or the Social Security Act of 1997, on the “collection of contributions by the SSS, in the same manner as taxes are made collectible under Republic Act No. 8424, as amended, otherwise known as National Internal Revenue Code (NIRC).” Photo shows Commissioner Gonzalo T. Duque, author and main proponent of WDLG, declaring the opening of the public consultation. Photo at right shows ECOP’s Atty. Antonio Abad, one of the consultation participants, delivering his feedback and suggestion regarding the draft guidelines of WDLG.

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The SSS Makati-Guadalupe Branch received the Citizen’s Satisfaction Center Seal of Excellence Award (CSC-SEA) from the Civil Service Commission (CSC), following the fulfillment of their commitment to serve SSS members with integrity and perform to the best of their abilities. The CSC-SEA is given to government service offices that have “demonstrated exemplary frontline service delivery,” which is accomplished by obtaining an excellent rating in the Anti-Red Tape Act (ARTA) Report Card Survey and has no valid and unresolved ARTA-related complaint based on the Contact Center ng Bayan data. CSC Director II Claudia Abalos Tan (rightmost) awarded the recognition to SSS Guadalupe Branch Head Hoechst Potato (3rd from right) on May 8 following the flag ceremony at SSS Main Office in Quezon City. Also present were SSS PCEO Emmanuel F. Dooc (2nd from left), SVP Jose B. Bautista (leftmost), SVP Cynthia O. Barcelon (4th from right), and the employees of SSS Guadalupe. A glass plaque with the “Seal of Excellence” logo and a check reward of P25,000 was used for further compliance with ARTA were conferred to SSS Makati-Guadalupe.

The SSS also facilitated study tours for PT Taspen (Persero) from Indonesia and the Indonesian delegation. The SSS showcased the talents of veteran actress Elizabeth Oropesa and artist Ariel Danga in the SSS Gallery’s 152nd art exhibit titled “First Impression” from May 19 to June 13. Leading the ribbon cutting ceremony on May 19 were (from right) VP Marissu M. De Castro, Mr. Danga, Ms. Oropesa, and guest actress Assunta de Rossi. Throughout 2017, the SSS housed four (4) other art exhibits featuring the masterpieces of the BiFan Art Group, Mr. Erick Dator, the FIArts Group, and the Kulay Group of Artists.

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A number of employer representatives (right photo) attended the Stakeholder’s Forum conducted by SSS Iloilo at the Grand Xing Imperial Hotel in Barangay President Roxas, Iloilo City on June 27. Led by SSS PCEO Emmanuel F. Dooc (left photo, middle), the panelists namely (from left), OIC-VP Raul A. Casano, SVP Voltaire P. Agas, SVP Helen C. Solito, and Branch Head Emilia B. Solinap, responded to the participants’ queries during the open forum. Throughout 2017, the institution conducted 10 other fora in Roxas City, Naga, Legazpi, Sorsogon, Tuguegarao and Appari in Cagayan, Baguio City, Daet City, Davao, and Zamboanga City.
June 10 saw the formal launching of the newest SSS Calgary office that will cater to the needs of OFW-members from Canada’s western provinces. Located at the Philippine Consulate General building, SSS Calgary counts as the institution’s second foreign representative office in Canada, which is among the top 10 destination countries for Filipinos. Leading the ribbon cutting ceremony were (front row, from left) SVP Judy Frances A. Sea, Commissioners Gonzalez T. Duque and Anita Bumpus-Guitian, and Calgary Consul General Julius D. Torres.

JULY

About 1,600 members of the Katipunan ng mga Artistang Pilipino sa Pelikula at Telebisyon (KAPPT), also known as the Actors Guild of the Philippines, are now formally covered under the SSS after the signing of a Memorandum of Agreement (MOA) between the two institutions, which was held on July 28 at the SSS Gallery in Diliman, Quezon City. The MOA compulsorily covers self-employed professionals, particularly television and movie actors and industry workers who are KAPPT members. Leading the MOA signing were (seated, from left) DM III Noel L. Coyupan, SVP Judy Frances A. Sea, SSS PCEO Emmanuel F. Dooc, SSC Chairman Amado D. Valdez, KAPPT President Imelda Papin, and KAPPT Board Members Anthony Castelo and Jeffrey Santos.

SSS Kabankalan branch, in partnership with the local government of Binalbagan, Negros Occidental, provided social security services to about 700 SSS members and the general public at the Binalbagan Covered Court from July 12 to 14. The mobile service included the issuance of social security numbers, membership registration, verification of contribution and loan records, acceptance of applications for Unified Multi-purpose Identification (UMID) card, issuance of SSS forms and information materials, compliance with Annual Confirmation of Pensioners (ACOP), and members’ counseling. Photo at right shows employees of SSS Kabankalan, headed by Branch Head Josephine P. Sombilla (fifth from right), SSS Visayas West 1 Division OIC Lilani B. Benedian (fifth from left), with Binalbagan Mayor Emmanuel I. Aranda (middle) and municipal staff during the opening of the event.

AUGUST

Delegates from the 17 ASEAN Social Security Association (ASSA) member-institutions, including the SSS, attended the 34th ASSA Board Meeting and Conference hosted by the Social Security Office (SSO) Thailand last August 23-24 at Cantara Hotel and Convention Centre in Udonthani, Thailand. One of the highlights of the said event was the ceremonial turnover of leadership between the outgoing ASSA Chairman Atty. Emmanuel F. Dooc (left) of the SSS and incoming Chairman Dr. Suradej Waleeittikul (right). The ASSA emblem was transferred to the Secretary General of the SSO Thailand, carrying with it the leadership of the ASSA until the next successor is identified.

OCTOBER

The SSS opened its first service office (SO) in Barangay I, San Nicolas, Ilocos Norte to serve 1,719 employers and more than 33,000 self-employed and voluntary members from 12 municipalities in the province. Photo shows (from left) SVP Judy Frances A. See, SVP Dionisio R. Agdeppa, SSC Chairman Amado D. Valdez, Commissioner Anita B. Quitain, SVP Josie G. Magana, San Nicolas Mayor Alfredo P. Valdez Jr., and Commissioner Gonzalez T. Duque during the ribbon-cutting ceremony held last October 20 at Robinsons Place Ilocos. Apart from the SSS Robinsons Place Ilocos inauguration, the pension fund also opened SSS Guimaras SO and SSS Manna Mall SO in San Fernando, La Union in 2017, to name a few. As of December 2017, the SSS has 90 SOs nationwide.

NOVEMBER

On November 17, a partnership was forged between the SSS and the Showbiz Industry Alliance (SIA) to provide social security protection to various professionals in the entertainment industry. Through a Memorandum of Agreement (MOA) signing held at the SSS Gallery in Diliman, Quezon City, both agencies agreed to give full support to the compulsory coverage of all self-employed SIA members primarily composed of professional entertainers such as standup comedians, dancers, models, photographers, magicians, stage performers, and musicians. Leading the MOA signing were SSS PCEO Emmanuel F. Dooc, SSC Chairman Amado D. Valdez, and SIA President Imelda A. Papin (3rd to 5th from left), among other executives.

DECEMBER

The SSS and the Philippine National Police (PNP) signed a Memorandum of Understanding (MOU) on December 12 at Camp Crame, Quezon City for the joint implementation of Standardized Police Directional Signages that will promote a safe, secured, orderly, and peaceful community. Present during the MOU signing were (from left) SVP May Catherine C. Ciriaco, SSS PCEO Emmanuel F. Dooc, SSC Chairman Amado D. Valdez, PNP Chief Police Director General Ronald M. Dela Rosa, PDir. Noel G. Constantino, and PSupt. Rhodel D. Sermonia.
Pensioners, during their most productive years at work, were once considered as pillars of the state-run pension fund. They were once the life blood of the Social Security System (SSS) as part of their incomes were remitted to the agency for their monthly contributions. These contributions, in return, were used for benefit disbursements and for investment facilities to grow the Social Security Fund such that when members reach retirement, the SSS is ready to give back what is due them.

From 1980 to 2014, the pension fund has already given 22 pension increases. In January 2017, an additional ₱1,000 monthly benefit was granted to more than 2.3 million pensioners of SSS.

The approval from the Office of the President made way for the disbursement of ₱8.43 billion worth of pension to about 2.3 million pensioners for the ₱1,000 increase in monthly pensions from January to March 2017.

Overall, the SSS released more than ₱34 billion for pension disbursement in 2017 for about 2.3 million pensioners as of the end-December 2017. Of the total amount released, nearly ₱33 billion were allotted for the additional pension benefit in its first year of implementation. It is expected to increase further with 200,000 projected new retirees every year.

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SSS RACE: A MORE AGGRESSIVE CAMPAIGN FOR EMPLOYER COMPLIANCE

Increasing contribution collections annually is a constant challenge for the Social Security System (SSS), more so running after delinquent employers who blatantly disregard their obligations under Republic Act 8282, otherwise known as Social Security Act of 1997. Under the said law, employers are required to register to the pension fund their employees within 30 days from their first day of employment and to pay their and their employees’ monthly contributions thereafter.

Out of the more than 36 million current SSS members, 72% or around 26 million is composed of employees from the private sector. However, not all contributions from these covered employees are being paid regularly by their employers, and not all employees in the private sector are being reported for SSS coverage.

Almost every day, SSS receives complaints from employees for non-remittance/under-remittance of their monthly contributions and non-reporting/under-reporting for SSS coverage by their employers. Due to these unscrupulous practices, employee-members are deprived of SSS benefits, including salary loan privileges.

Committed to protect its members, the SSS under the new Social Security Commission has become more aggressive in monitoring employer compliance by implementing the Run After Contribution Evaders (RACE) campaign to collect delinquencies and enforce compliance.

Launched in 2017, RACE has two features: first is the posting of a Show Cause Order on the premises of establishments that are found to be non-compliant to the SS Law. Second is causing the arrest of delinquent employers who have been convicted by the local courts.

Before a RACE campaign is conducted in a particular locality, the SSS branches that have jurisdiction over it performs a coverage mapping to check which among the establishments will be subjected to RACE operations.

The first RACE campaign was conducted among almost 700 retail stores at the Greenhills Shopping Center in San Juan City on April 20, 2017. Out of this number, 248 or 42% were found unregistered with SSS, while 40 were found to be delinquent in their payments. Among the delinquent employers, six (6) were served with billing letters, 23 with demand letters, and the remaining nine (9) were forwarded to the SSS Operations Legal Division for appropriate action. Meanwhile, two (2) employers chose an out-of-court settlement.

Five months after the success of the first RACE campaign, the SSS conducted another among more than 450 retail stores at the Farmers Plaza Mall in Quezon City. Out of this number, 70 are under the SSS Large Accounts Division while the remaining 384 are being handled by SSS branches. From the number of retail stores under the SSS branches, 37 were found intermittently paying, eight were non-paying, 29 were non-registrants, six (6) had no employees, and the remaining 231 refused to be interviewed by SSS field officers.

In total, SSS was able to track down more than 300 delinquent employers from its RACE campaigns in 2017. Out of this number, nearly 30 employers either registered with SSS or paid their outstanding obligations either in full or installment basis. Further, SSS was able to collect more than ₱760,000 and expects to collect more as it is set to conduct RACE campaigns in other regions in 2018.

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Financial contingencies due to natural and man-made calamities make it difficult for members of the Social Security System (SSS) to pay their outstanding loans. Hence, the SSS developed a special program that would provide member-borrowers an opportunity to settle their loan delinquencies in affordable and flexible payment terms.

The Loan Restructuring Program (LRP) was implemented from April 28, 2016 to April 27, 2017. Under this special condonation program, the sum of principal and accrued interest of all past-due short-term loans is consolidated into one restructured loan. The member can then pay off his/her loan delinquencies in full within 30 days from the approval date of the LRP application, or through installment basis over a period of up to five years, at a minimal interest rate of 3% per annum. Upon full payment of the restructured loan, all loan penalties will be waived, thus, providing financial relief to the member-borrower.

Special conditions have also been included in the LRP guidelines that aim to instill better financial discipline among member-borrowers. First, the penalties shall be condoned only after full payment of the restructured loan within its approved period. Otherwise, the unpaid principal and condonable penalty shall be due and demandable and shall be charged a 10% interest rate per annum until fully paid. Second, members who availed themselves of this LRP shall no longer be allowed to apply for any future loan condonation programs that SSS may offer. And third, members may avail of other SSS short-term loan programs only after six (6) months from the date of full payment of the restructured loan.

More than 60% of the LRP avalees were employed-members, numbering over 500,000, followed by voluntary members at more than 200,000, Overseas Filipino Workers (OFWs)-avalees totaled over 47,000, self-employed members at nearly 38,000, household helpers at more than 2,800, and one (1) non-working spouse-avalee.

In terms of geographical location, the largest percentage of LRP avalees were from National Capital Region (NCR) with almost 378,000 members, followed by Luzon with nearly 249,000 members, Visayas with more than 102,000 members, Mindanao with over 95,000 members, and overseas with more than 27,000 members.

Highest number of employees, voluntary members and household helpers who availed of the LRP were recorded in NCR, while Luzon area had the highest number of self-employed members who availed of the program.

Payment Terms and Collections
Almost 70% of the member-borrowers availed of the installment payment terms while the rest paid their outstanding loan principal and interest in full. More than half of the members who availed of the installment payment term committed to pay their loan delinquencies within 12 to 24 months.

The SSS recorded the highest LRP collection from employed-members amounting to P534.3 billion, followed by voluntary members with P2.27 billion in collections. P283.77 million collected from OFWs, P285.97 million came from self-employed members, and the lone non-working spouse paid P6,546.20.

LPR LEADS TO MEMBER’S FULL RETIREMENT PENSION

Thousands of SSS members can attest to the benefits of availing the Loan Restructuring Program with penalty condonation. One of them is Lolo Process “Jun” C. Limen Jr. from Castillejos, Zambales. Lolo Jun has been an SSS member since 1975. He applied for a salary loan and calamity loan in 1989 and 1991, respectively. However, he failed to pay back both loans.

Twenty-three (23) years after his availment of SSS loan privileges, Lolo Jun was set to file his retirement claim. However, he discovered that his unpaid principal loan amount of P6,750 had already ballooned to P53,471.10 due to interest and penalties accumulated in more than two decades.

In March 2017, Lolo Jun applied for penalty condonation under the LRP.


From a total loan balance of more than P53,000, he only paid the loan principal and interest of around P16,000, as the total penalty amounting to more than P37,000 was already condensed. Upon full payment of his loan obligation, Lolo Jun immediately filed his retirement application and even received his advance 18th month pension worth more than P59,000 in May 2017. He is now regularly receiving his monthly pension.

“Salamat sa SSS at naisip nilang iapatupad itong LRP. At least, nae-enjoy ko na ngayon nang buong pasyos ko!” Lolo Jun enthused.

SSS LOAN RESTRUCTURING PROGRAM: ANOTHER CHANCE TO CLEAR ACCOUNTS AND GAIN RELIEF
An evident trend in the establishment of SSS offices in 2017 is the move towards those based in commercial malls. Whereas before, when malls provided only a counter or kiosk space for SSS transactions, the recent years have seen malls offering 15, 30 to over 50 square-meters of their valuable floor space for the establishment of an SSS SO.

Leading these commercial real estate firms with which the SSS has partnered is Robinsons Land Corporation, the first mall to offer rent-free spaces to front-line government agencies through its Lingkod Pinoy Center. Also included are Puregold Price Club, Inc., SM Prime Holdings, Inc., NE Pacific Shopping Centers Corporation, CityMall Commercial Centers, Inc., Megaworld Corporation, Star Mall, Gaisano Mall, and others. Most of these establishments offer their spaces rent-free on the first year or at a heavily-discounted rate to SSS for the next few years, while others even provide the renovation or air conditioning works for free. Such generosity from these malls can be traced to their realization of the tremendous amount of “foot traffic” that government agencies generate through their transacting clients. For example, hundreds of members transact daily at SSS SOs in Robinsons Malls. While waiting for their turn at the SSS counter or even after their transactions, these members can then visit other areas of the mall for shopping errands.

All these developments have translated to significant savings for the SSS. In 2017, some ₱20.49 million in savings were generated through the first-year rent-free arrangements of SSS SOs opened or relocated in malls. For the duration of their contracts, another ₱7.65 million in savings are expected. At the same time, the SSS was able to save ₱88.76 million in terms of renovation works. These savings eventually redound to the benefit of members through better facilities for their comfort and convenience.
In 2017, the Social Security System (SSS) received a major award for its coverage of informal sector workers (ISWs), as well as recognitions for its responsiveness in resolving complaints lodged through the Citizen Hotline 8888, and the public’s overall trust in the pension institution.

**Government Best Practice Award**

The SSS bagged the 2017 Government Best Practice Award (GBPA) from the Development Academy of the Philippines for its implementation of the AlkanSSSyA Program to intensify coverage of ISWs. SSS President and Chief Executive Officer Emmanuel F. Dooc received the award on October 11, 2017 with other recipients namely: the Department of Science and Technology (DOST) Region 9, the Philippine Statistics Authority (PSA) Region 5, and the City Government of Valenzuela.

Launched in 2012, the SSS AlkanSSSyA Program is an “out-of-the-box and wholesale approach to cover workers in the informal sector as well as to develop their financial discipline of saving.” As of December 2017, AlkanSSSyA has 1,412 program partners — 415 in National Capital Region, 587 in Luzon, 215 in Visayas, and 195 in Mindanao.

In a span of six years, the program has expanded its membership among Tricycle Operators and Drivers Associations (TODA), barangay employees, cooperative members, golf club caddies, umbrella girls, and pedicab operators and drivers.

During the final presentation of the pension fund’s entry titled “AlkanSSSyA Program: Towards Intensified Coverage of the Informal Sector”, SSS Senior Vice President for Administration Group and concurrent OIC for Public Affairs and Special Events Division May Catherine C. Cinacso emphasized that convenience, affordability, and sustainability are the program’s three salient features that led to its successful implementation.

“As we recognize the vulnerability of informal sector workers in terms of their nature of work and irregularity of income, the SSS established an integrated payment system which makes payment of contributions simple and affordable. Similar to piggy banks, members can save a part of their daily income for as low as ₱2 per day in personalized metal compartments installed in locations accessible to them so that they can complete their monthly contributions to SSS,” Cinacso said.

The six-year implementation of the microsavings scheme resulted in additional membership of over 100,000 with an equivalent collection of ₱614.4 million as of December 2017.

The next steps in achieving overall sustainability of the program include aggressive information campaign among the informal sector and introducing new registration and payment platforms.

“We cannot achieve program sustainability without our member’s high level of appreciation on the long-term benefits of being an SSS member. That’s why we are continuously creating innovations and enhancing our policies and guidelines in selecting organized groups to ensure the overall sustainability of the AlkanSSSyA Program,” PCEO Dooc noted.

**Best Hotline 8888 Resolution Rate**

The SSS achieved the highest feedback resolution rate of 91.33% based on the 1st Quarter 2017 Citizen Hotline 8888 Report by the Civil Service Commission (CSC).

SSS PCEO Dooc noted that the pension fund resolved 1,170 queries, complaints, and requests out of 1,281 calls endorsed by Hotline 8888 in the first three months of 2017 alone.

“Although SSS got the most number of feedback, our team from the Member Communications and Assistance Department were able to resolve them immediately,” PCEO Dooc said.

“Regardless of the severity of inquiry or complaint, we ensure that we act on it promptly and accurately as we give our best to provide a wide-range of SSS benefits and services to over 36 million members,” he added.

Among the top concerns resolved by the SSS were documentation hassle, clarification on SSS procedures, and slow processing of benefit claims. To avoid these problems, PCEO Dooc advised members to always keep their personal records updated and make amendments as soon as possible to avoid delays in processing.

“For example, if the retiring member has discrepancies in his date of birth or name, he should correct it now for easier processing of his retirement benefit,” he said.

Ranked second is Home Development Mutual Fund, with 82.94 percent, followed by Government Service Insurance System, with 72.37 percent.

Also in the list were Bureau of Internal Revenue (with 66.77%), Department of Foreign Affairs (65.95%), Philippine Statistics Authority (59.05 %), Commission on Elections (55.77%), Philippine Postal Corporation (50%), Land Transportation Office (42.83%) and National Bureau of Investigation (37.61%).

The CSC’s Citizen Hotline 8888 is a government feedback mechanism that enables the public to lodge queries and other concerns for immediate action. Currently, the hotline receives daily an average of 253 queries, 144 complaints, 66 requests for assistance, four (4) suggestions, and three (3) commendations/appreciation.

“With the growing number of SSS members, the management is also cognizant of the public’s clamor for faster and more efficient delivery of services. As one of the partner-agencies of CSC, it is our responsibility to resolve these cases so that we can accommodate more members who need our assistance,” PCEO Dooc noted.

**Trust Rating Tops 94 percent**

Another accolade that the SSS received in 2017 was its being ranked as one of the most trusted government agencies in the country. Filipinos gave a 94% trust rating to the SSS based on the 2017 and fifth Philippine Trust Index (PTI), a survey conducted by the communications agency EON Group.

The SSS ranked next to Philippine Health Insurance Corporation with a 95% trust rating. Also in the top five were the Department of Education (93%), Department of Social Welfare and Development (88 %), and Technical Education and Skills Development Authority (91%).

“We are very glad with the results of the survey conducted by EON Group. To know that we are one of the highly-trusted government agencies is a bonus for our daily task of ensuring quality service to our dear members,” SSS PCEO Dooc said.

The 2017 PTI edition, dubbed as “The Philippine Paradox: Growing Trust in a Time of Growing Uncertainty”, covered 30 government agencies and was conducted from March to April 2017 with 1,200 respondents aged 18 and above.
It is the vision of the Social Security System (SSS) to become “a viable social security institution which provides universal and equitable social protection through world-class service”. It is a vision that still has long way to go but is certainly achievable. The SSS has been pro-actively expanding membership and has continued exploring workable schemes in order to cover the hard-to-reach, the marginalized, and most vulnerable sectors of society, particularly the workers in the informal economy.

With work in the informal sector (IS) being generally impermanent and hardly covered by labor standards or social protection, the SSS has been covering IS workers thru a wholesale approach by establishing and forging partnerships with multi-purpose cooperatives (MPCs), micro-finance institutions (MFIs), organized groups and associations thru the SSS Accreditation Program. Under said program, MPCs and similar organized groups can apply for accreditation either as a Servicing Partner Agent (SPA) or as Collecting Partner Agent (CPA). As an SPA, this means that the MPC or association can receive and verify the applications of their members for SSS benefits and loans before submitting these to their servicing SSS branch. Meanwhile, a CPA-accreditation allows the MPC or association to receive SSS contribution and loan payments from its members and remit the same to SSS. For these services, the MPC or association receives a minimal processing fee from SSS for each successful transaction.

This Accreditation Program aims to bring social security services as close as possible to the target sector through easy and convenient facility/mode of registration and payment of contributions and other obligations to the SSS.

Since the program implementation in 2012, the SSS now has 43 partner agents, mostly cooperatives and MFIs: seven (7) in the National Capital Region; 21 in Luzon; nine (9) in the Visayas; and six (6) in Mindanao.

For 2017 alone, 10 partnership agreements were forged with various cooperatives and MFIs with a total potential SSS members of 294,016 and 12,448 existing self-employed and voluntary members who would be able to continue paying their SSS contributions through their cooperatives. Through these new partner agents, a total of 34,647 self-employed workers became new SSS members with total contributions of P78.15 M remitted to the SSS as of end December 2017.

Some of the partnership agreements signed in 2017 were with Koopnaman MPC, Valdeco MPC, Pandan MPC, Rizal Bank Inc, Tulay sa Pag-unlad, Inc., and Coolway MPC.

Finally, one of the significant events of 2017 was the first ever multi-sectoral event (MSE) dubbed as “SSS: Nagsusulong ng Social Protection Para sa mga Manggagawa sa Informal Sector,” held on May 12, 2017 at the Ramon Magsaysay Hall at the SSS Main Office in Quezon City. Over 130 guests from various cooperatives, church-based groups, cooperative federations, representatives of Cooperative Development Councils, sectoral representatives endorsed by National Anti-Poverty Commission, as well as various media partners attended the event. This MSE also served as a venue to renew SSS partners’ commitment to being proactive in the campaign for SSS coverage and to become a forum for exchanges of information, and feedback from participants who are both existing and prospective target partners of SSS.
THE SSS-PANDAN MPC PARTNERSHIP: Serving Members is Foremost Concern

Picture this: Waking up before sunrise, squeezing in barely an hour your bath, breakfast, and personal time, before heading to the Pandan transport terminal to book a one-way ticket to San Jose, Antique. Inside the bus, you try to secure a comfortable seat, with hopes of safely surviving the long travel ahead.

Arriving four hours later in San Jose, you go straight to the Social Security System (SSS) branch in the area, only to find a long queue for members’ transactions. The thought of heading back home hits you, but still, you decide to stay in line and wait.

Consider yourself lucky if you brought the complete and right documents to support your claim application, but what if you fall short of the requirements? Does that mean you must bear another day of waking up early, travelling for hours, and waiting?

This is just a sample scenario of what used to happen to the members of Pandan Multi-Purpose Cooperative (MPC) who needed to transact with the SSS. Fortunately, that is now a thing of the past. On January 16, 2017, Pandan MPC signed up with pension fund’s Partner Accreditation (PA) Program, which resulted in a dramatic change in the way its members transact with SSS.

Based in the northern part of Antique, Pandan MPC was organized in 1964 by 15 cooperators, through the assistance and support of German parish priest Rev. Fr. Von Tilberg as well as the Pandan parishioners. Its seven-member Board of Directors (BOD) is currently chaired by Engr. Celso D. Tajanlangit, while its overall management is headed by General Manager Dedaci V. Nepomuceno (photo below).

The fact that it often took Pandan MPC members one full day to transact with SSS pushed Nepomuceno to apply for accreditation as one of the institution’s collecting partner agents, she explained in an interview.

“It took four years before our accreditation was approved because we had some unqualified financial ratios,” said Nepomuceno, “but I kept on submitting our financial statements until they were considered qualified.”

She is glad that she did not give up her pursuit for SSS accreditation, as “being accredited with SSS increased the morale and community impact” of their cooperative.

Despite the minimal incentive they and other accredited partner agents receive from SSS upon accreditation, which amounts to ₱4.00 and ₱6.00 for every approved (non-collection) and posted (collection) transaction, respectively, Nepomuceno believes that, “serving the members is more important than any financial gain.”

More than a year since Pandan MPC expanded its services by partnering with SSS, positive changes have been noted into the lives of its members who are now able to build up slowly their social security fund for the future.

After the MOA signing, “not only the payment of our members’ SSS contributions and loan amortizations have been updated, various benefits like sickness, disability, maternity, retirement, death, and funeral have also been made accessible to them,” Nepomuceno shared. In addition, the members are grateful of Pandan MPC being an accredited partner agent of SSS, as it is “very accessible and delivers fast service,” she noted.

Citing these reasons as proof of the accreditation’s benefits, Nepomuceno encourages other Pandanons to become SSS members through Pandan MPC. She likewise hopes that other province-based cooperatives and organized groups, especially those in the far-flung areas, be inspired to expand their services through the SSS’ PA program.
SSS QUALITY MANAGEMENT SYSTEM: A CONTINUING JOURNEY TOWARDS PERFORMANCE EXCELLENCE

The Social Security System Quality Management System (QMS) aims to uphold the institution’s mandate and ensure high quality of service to its stakeholders. This is aligned with its quality policy of providing prompt, convenient, reliable, and meaningful social protection services to its members and their beneficiaries, such that they will receive the benefits due them in times of contingencies.

The implementation of QMS is in compliance with Executive Order (EO) No. 605 “Institutionalizing the structure, mechanism, and standards to implement the Government Quality Management Program”. EO 605 directs all departments and agencies of the Executive branch, including government financial institutions (GFIs) to adopt the ISO 9001 QMS as part of the government-wide quality management program with priority to be given to frontline services.

Considering its organizational size and geographical dispersion, the SSS adopted an incremental approach in achieving certification of compliance with ISO 9001 wherein the QMS was initially implemented in the Registration and Coverage System (RCS) of Diliman Branch, which was eventually awarded ISO 9001:2008 Certification in July 2011.

The RCS QMS was re-certified in July 2014, and the success in this area raised confidence and buy-in, leading to the ISO Certification of the implemented QMS in other branches, namely: La Union, Pasig, Bacolod, and Butuan, also in 2014.

In December 2015, another six (6) branches obtained ISO certification, namely: Baguio, Camiling, Taguig, Calamba, Legaspi, and Cebu.

ISO 9001:2008 Certification of extended scope of QMS covering Death, Disability, and Retirement Processes of two (2) branches and their respective PCs, namely:
- La Union Branch
- Pasig Branch
- Bacolod Branch
- Butuan Branch

ISO 9001:2008 Certification of RCS QMS of six (6) branches and their respective PCs, namely:
- Baguio Branch
- Camiling Branch
- Taguig Branch
- Calamba Branch
- Pasig Branch
- Diliman Branch

ISO 9001:2008 Certification of RCS QMS of ten (10) NCR North branches and their respective PCs, namely:
- Diliman Branch
- Diliman PE Center
- BCPC
- Diliman PC
- Diliman PE Center

ISO 9001:2008 Certification of RCS QMS of Luzon North 1 branches and their respective PCs, namely:
- Agoo Branch
- Bangued Branch
- Bontoc Branch
- Bonifacio Branch

ISO 9001:2008 Certification of RCS QMS of Luzon North 2 branches and their respective PCs, namely:
- Butuan Branch
- Bangued Branch
- Bontoc Branch

ISO 9001:2008 Certification of extended scope of QMS covering Death, Disability, and Retirement Processes of two (2) branches and their respective PCs, namely:
- Diliman Branch
- Diliman PE Center

ISO 9001:2008 Certification of RCS QMS covering the following core processes:
- Death Benefit
- Disability Benefit
- Retirement Benefit
- Contributions and Loans Repayment Collection
- Short-term Member Loans Granting
- Sickness, Maternity, and EC Benefits
- Funeral Benefit

To keep abreast of the latest international standards on QMS, 30 branches then started the transition to the ISO 9001:2015 standards in 2017.

Also in 2017, the QMS in Diliman Branch was further extended to cover all core processes that included Contributions and Loans Repayment Collection; Short-term Member Loans Granting; Sickness, Maternity and Employees Compensation Benefits, and Funeral Benefit. Diliman Branch was eventually certified to the new ISO 9001:2015 standards in December.

The ISO Certification also covers the branches’ respective Processing Centers (Diliman PC, La Union PC, Tarlac PC, Pasig PC, Makati PC, San Pablo PC, Iloilo PC, Cebu PC, and Cagayan de Oro PC), and Diliman Physical Examination (PE) Center.

To ensure effective implementation of QMS standards, SSS applies quality initiatives and tools, such as the Quality Workplace Program using the 5S concept to improve workplace morale and efficiency; and the Quality Work Improvement Program to empower employees in developing work improvement projects that increase productivity and enhance services.

Likewise, to improve further the frontline services vis-à-vis ISO-certified QMS initiatives, SSS implements best practices of International Social Security Association (ISSA) member-organizations that directly benefit members. Thus, the Social Security Commission adopted the ISSA Guidelines on Service Quality (SQ) in July 2014, and the SSS management launched in 2018 the SSS SQ Framework, for which SSS received the ASEAN Social Security Association Recognition Award.
The Social Security System (SSS) in 2017 continued with its institutionalized corporate social responsibility (CSR) programs, which were often marked by joint cooperative efforts between its management and employees. As a social security institution that seeks to promote the welfare of the people, the SSS also supports organizations whose objectives are in consonance with its mission, thrusts, and vision through donations to these non-profit organizations.

**TURNOVER OF CHRISTMAS DONATIONS TO CHARITABLE INSTITUTIONS**

The annual SSS Christmas Fund Drive chose ten (10) institutions catering to orphaned, neglected, and marginalized children as the beneficiaries for 2017. This focus on children’s welfare is in recognition of the fact that children below 10 years old now make up around 10.7% of the Philippine national population.

A total amount of ₱800,000.00, was raised in the Christmas Fund Drive, half of which represented the Management counterpart, while the other half came from the pooled voluntary contributions of SSS employees.

The turnover of donations was held during the annual Christmas musical program called “SSS Pamaskong Handog: The Joy of Giving” on December 20, 2017 at the SSS Ramon Magsaysay Hall. These institutions were: 1) Concordia Children’s Services, Inc.; 2) Friendship Home Father Luis Amigo, Inc.; 3) Canossa-Tondo Children Foundation, Inc.; 4) SOS Children’s Village; 5) Simbayan ni Maria Community Foundation, Inc.; 6) SPECS Foundation, Inc.; 7) Alouette Foundation of the Philippines; 8) Bahay Tuyulan, Inc.; 9) Haligi ng Bata, Inc.; and 10) Mentixell Children’s World Foundation, Inc.

Also part of the “SSS Pamaskong Handog” program was the distribution of gift boxes to about 500 wounded soldiers recuperating at Camp Evangelista Army Station Hospital in Cagayan de Oro City on December 18, 2017. The gift boxes, containing personal hygiene items and basic clothing articles, also served as SSS token of appreciation to the brave men and women who helped restore the peace and order situation in Marawi City.

**OTHER CALAMITY ASSISTANCE ACTIVITIES CONDUCTED IN 2017**

### RELIEF OPERATION

| Relief Operation for typhoon Nina victims<br>Held on February 11, 2017 at Magurang Elementary School, Magurang, Polangui, Albay | Relief goods for 1,000 families from four (4) barangays in Albay – Magurang, Alnay, Basud and Gabon |
| Relief Operation for 6.7 magnitude earthquake victims<br>Held on February 23, 2017 at Brgy. Washington Gym, M. Ortiz St., Bagbag Village, Sibugao City | Relief goods for 900 families |
| Relief Operation for typhoon Nina victims<br>Held on March 08, 2017 at Brgy. Plaza, Vicac, Candanduanes | Relief goods for 1,000 families |
| Relief Operation for flash flood victims<br>Held on March 16, 2017 at Brgy. Lapaan Covered Court, Lapaan, Cabuyao de Oro (CDO) City | Relief goods for 1,700 families from five (5) barangays – La Paz I, Centro Kolambog, La Paz I Extension, San Lazaro and Little Cebu Lapaan |
| Financial Assistance for earthquake victims<br>Distributed in April 2017 c/o SSS Performance Management and Employee Relations Department (PMERD) | Financial aid to SSS employees and non-SSS personnel affected by 6.7 magnitude earthquake in Sibugao City |
| Financial Assistance for CDO flash flood victims<br>Distributed in April 2017 c/o SSS PMERD | Financial aid to SSS employees and non-SSS personnel affected by flash floods in CDO. |
| Turn-over of Donation to Philippine Red Cross (PRC) for the armed conflict victims<br>Held on June 22, 2017 at the PRC-National Headquarters | Donated ₱500,000.00 to PRC to support the various social services for the soldiers and families in Marawi, Lanao del Sur |

### CORPORATE DONATIONS

Every year, the SSS receives numerous requests for donations from various private and public institutions. Each request is evaluated based on their proposed programs and activities, which must be supportive of or in consonance with the mission, vision and thrusts of the SSS. These may include activities or programs that promote the welfare of workers, the disabled, the elderly and the orphans, promote employment and industrial peace; or assist the SSS towards efficient service delivery.

Among the donations made in 2017 were for Children’s Hour Philippines, Alay sa Kawal Foundation, Philippine Cancer Society, and Philippine Institute for the Deaf, and others; as well as to various Philippine embassies and consulates that serve and protect the welfare of overseas Filipino workers.

### CALAMITY ASSISTANCE

The SSS has an annual Calamity Assistance Fund of ₱50 Million that is geared towards providing help to disaster-stricken communities through humanitarian and medical missions, as well as relief and rehabilitation operations for calamity victims, particularly members, pensioners, and affected SSS personnel. The target beneficiaries for the calamity assistance are based on the reports or requests of the recommending SSS branch or based on calamity reports from the National Disaster Risk Reduction and Management Council (NDRRMC) or Local Government Unit within the area.
ENVIRONMENTAL AWARENESS

In celebration of its 60th anniversary, the SSS initiated a System-wide Mangrove Planting project in the early half of 2017. With the theme, “Plant Towards the Future,” the activity aimed to raise awareness on the importance of mangroves in the preservation of the marine and coastal ecosystems in various areas around the country, as well as to give support to their local community stewards.

About 250 participants from the SSS Main Office and branches in the National Capital Region and Luzon Operations Groups—consisting of the SSS Volunteer Group, executives and employees from the head office, as well as representatives from Luzon South 1 and 2 Divisions—planted a total of 3,500 mangrove propagules in the 1.4-hectare protected forest of Barangay Bucal in Calatagan, Batangas on June 3.

Meanwhile, seven (7) branches under the Mindanao Operations Group organized mangrove planting activities in the region, particularly at Pujada Bay in Guang-guang, Dahican, Mati City on May 13; at Sitio Torres, Barangay Lasang, Davao City on June 3; at Bincungan, Tagum City, Davao del Norte, at Malalag Bay, Davao del Sur, and at Sitio Lawis, Barangay Lizada, Toril, all on June 3; and at Barangay Lacasa, Hinatuan, Surigao del Sur on June 24.

A thousand more mangrove seedlings were sowed by SSS employees of the Visayas West 1 Division, this time at Barangay Pahanocoy, which has the biggest forest restoration project in Negros Island.

Other branches under the Visayas Operations Group, namely, SSS Catbalogan, SSS Ormoc, SSS Calbayog, and SSS Catarman, also participated in the System-wide activity. The last two conducted a joint mangrove planting on June 3 at Barangay Obrero, Calbayog City, Samar. Held simultaneously were SSS Catbalogan and Ormoc employees’ volunteer work at Barangay Payao, Catbalogan City and at Barangay Naungan, Ormoc City, respectively.

“Just as the SSS aims to provide meaningful protection to its members against the hazards of untoward events leading to financial burden, our mangrove planting activity helps communities build shoreline protection against damaging storms, strong waves, and impending flood. It is also a great way to strengthen camaraderie among employees and show how much we care for our members and our environment,” said SSS HRSD OIC Filomena S. David.
60 YEARS AND STILL COUNTING:

SSS Celebrates Diamond Year

The year 2017 marked another milestone in the history of the Social Security System (SSS) as it finally reached six strong decades of providing meaningful social security protection to the Filipino people and continuously changing their lives for the better.
As its way of giving back to the public, particularly to its members and their families, including its employees, the SSS conducted a series of events for its 60th anniversary celebration, kicking-off with the nationwide conduct of the SSS Pensioners’ Day on May 5, 2017.

In cooperation with the Federation of Senior Citizens Association of the Philippines and the Office for Senior Affairs, the SSS held simultaneous Pensioners’ Day Programs at the SSS Main Office as well as in selected areas in Luzon, Visayas, and Mindanao, allowing a total of 1,500 pensioners to receive free medical check-ups and medicines as well as to learn from various health and wellness lectures.

On August 29, 2017, meanwhile, ten (10) seasoned Filipino artists from the FILARTS Group joined the pension fund’s anniversary celebration through the 154th SSS Gallery Art Exhibit. The beautiful masterpieces of artists Rene Canlas, Bonnie Jimenez, Naning and Raks Molata, Pancho Pianio, Roy Espinosa, Maryrose Gisbert, Oying Madrilejos, Lloyd Lusica, and Ponciano Zapanta were showcased at the SSS Main Office throughout the institution’s anniversary month.

Barely a week after the Gallery event, the SSS opened its anniversary photo exhibit, featuring 60 interesting stories from various stakeholders, such as current and former officials and employees, partner employers, members and their beneficiaries, as well as accredited partner agencies and non-government organizations, whom the institution has aided in one way or another.

On September 6, 2017, no less than President Rodrigo Roa Duterte graced the pension fund’s milestone celebration and urged the SSS to intensify compliance of employers with the SS Law to ensure payment of their workers’ contributions. In his keynote address, Duterte said that the SSS management and personnel are both in a unique position to directly impact the lives of the Filipino people through the various services they provide and the work they do every day.
September 8, meanwhile, saw the gathering of SSS’ top public and private sector partners, who received due recognition for their invaluable roles in ensuring the social security protection of Filipino workers in the country through the 2017 Balikat ng Bayan (BnB) Awards. The Top Employers for the Large, Medium, and Small Accounts categories were Pan-Asiatic Call Centers, Inc., Beautiful Horizon, Inc., and Federation of Filipino-Chinese Chambers of Commerce & Industry, Inc., respectively.

The other 2017 BnB awardees were: East West Rural Bank (Best Collecting Rural Bank and Best Paying Partner); Land Bank of the Philippines (Best Paying Partner); PTV-4’s “Good Morning Pilipinas”/“Good Morning Boss” (Best Media Partner for Television); Pilipino Mirror (Best Media Partner for Print); RN Laguna Broadcasting Service (Best Media Partner for Radio); and SEDP-Simbag sa Pag-asenso, Inc. (Best Servicing & Collecting Partner). Special citations likewise were given to: Mr. Amado Macasaet (Media Partner for Print); Ventaja International Corporation (OFW Collection Partner); and Bukidnon State University, Provincial Government of Isabela, and Manila International Airport Authority (Partner Government Agencies for the Coverage of Job Order and Contractual Personnel).

Also conducted as part of the anniversary celebration was the Member’s Day held on November 6, 2017 at the SSS Main Office. In partnership with the Armed Forces of the Philippines Reserve Command, the SSS offered to almost 900 members various complimentary medical services such as consultation, dental services, bone scanning, optical services, reflexology, free medicines, and even legal services during the whole day event.

Another highlight of the SSS’ 60th anniversary celebration was Paul Anthony D. Ocampo winning in the pension fund’s first-ever “Tawag ng Tanghalan,” a singing competition among SSS personnel and service bureau (SB) contractuals. The SB Computer Maintenance Technologist from the Network Communications Department was named grand champion in the much-awaited finale held on December 20, 2017 at the Ramon Magsaysay Hall in Diliman, Quezon City.

Ocampo sang a jaw-dropping rendition of “Faithfully” by famous band Journey to book his place in the top three, prior to stunning the audience and judges alike with his heartwarming version of Regine Velasquez’s “Ikaw” and earning the highest score of 92.33%.

And as a way of giving back to the officials and employees for a year of hard work and dedication to their duties, the SSS wrapped-up its 60th anniversary with a Christmas Concert, featuring the members of the Actors Guild of the Philippines and Showbiz Industry Alliance, as well as some in-house talents such as the MuzikerSSS, SSS Dance Troupe, SSS Chorale Society, and Tawag ng Tanghalan sa SSS Grand Champion. Said event was held on December 21, 2017 at the Ramon Magsaysay Hall.

While it was relatively a tough 2017 for the SSS, after experiencing some of the most difficult challenges in operations, there were still reasons to be thankful for and it was still, indeed, a fruitful 60th year for the institution.
6. Corporate Social Responsibility. The SSC approved funding recommendations to provide assistance for SSS members/pensioners who were affected by Typhoon “Nina” and various earthquakes, for the displaced Marawi, Lanoa del Sur residents due to the armed conflict, as well as approved a management counterpart amount for the SSS Christmas Fund Drive for charitable institutions. The SSC also approved the realignment/transfer of 50% of the budget for the 2017 SSS Anniversary Expenses to assist the victims of the armed conflict in Marawi City and the 7.2 magnitude earthquake in Ormoc City.

7. Employee Development. To meet the requirements of the SSS organization, the SSC moved to ensure the sufficiency of qualified and competent personnel by encouraging continuous year-round training programs for employees at various levels, with the aim of improving their performance, enhancing their competencies, and developing client-centric behavior. The seminars were championed by the SSC were on the Procurement Law, and on Public-Private Partnership Projects, among others.

AUDIT COMMITTEE

The Audit Committee approved the 2017 Audit Plan, of which the Internal Audit Services Group (IASG) conducted and completed the following projects:

1. Audit of Automated Tellerin System in 47 branches
2. Audit of EIR Coverage and Delinquent Accounts in 15 branches and their Processing Centers (PCs)
3. Audit of Loans Granting and Repayment in 15 branches and their PCs
4. Audit of Sickness/Maternity Processes in six (6) Hub Branches and their PCs
5. Audit of two (2) Foreign Offices
6. Internal Quality Audit in 21 branches for certification/re-certification in 21 branches for certification/re-certification, and 35 support units
7. Follow-up Audit for ER Clearance (2012), Service Delivery (2014) and DDR Workflow (2014 and 2015) in 20 branches
8. Audit of Salaries of newly-hired/absorbed and promoted employees in 2015
9. Audit of SSS leased offices
11. Reconciliation of Real and Other Properties Acquired as of 2016 – NCR Divisions
12. Audit of Procurements by Division as Approved by the Local Bids and Awards Committees in 2016 (one Division each from Luzon, Visayas, and Mindanao)
13. Procurement Management Review (PMR) – base of 10 million and above (all PMR-received not later than 15 November 2017)
14. Audit of Initial Death, Disability and Retirement System (IDDRS) Interface/Linked with Registration and Coverage System, Contribution System, Enhanced Loans Management System (ELMS), and Sickness Maternity and EC (SMEC) System
15. Internal Quality Audit of Registration Process and DDR Workflow

The Audit Committee also called Management attention to the following issues/concerns:

Implementation of the Accounts Monitoring System (AMS).

On 5 April 2017, the SSC approved the directive of the Audit Committee for the personnel of Branch Operations Sector, Account Management Group, and all other concerned units, to strictly comply with the implementation of the AMS, as per Office Order No. 2010-041. The Committee considered measures to ensure compliance with AMS as collection efficiency and accuracy of records of employer payments and delinquencies are connected to other policies and programs, such as issuance of warrant of distrant and levy, contribution rate increase, member benefits, and pension increase.

Baseline Assessment of SSS Internal Control System

With the endorsement of the Audit Committee, IASG presented to the SSC on 21 June 2017 the results of the baseline assessment on the internal control system of the SSS, with the directive that it be amended to include the reporting of operational and support units that violate their mandates and the imposition of sanctions and the corrective actions done.

Creation of Plantilla Positions for Local Bids and Awards Committee (LBAC) (Luzon and Visayas Divisions)

As endorsed by the Audit Committee, the SSC approved the creation of plantilla positions for the Local Bids and Awards Committee (LBAC) in NCR, Luzon, Visayas, and Mindanao Operations Division, subject to the further approval of the Governance Commission for GOCCs and/or Civil Service Commission.

Creation of a Task Force on Employer Delinquency

The SSC approved the creation by SSS Management of a Task Force on Employer Delinquency as recommended by the Audit Committee, with its tasks to include giving the particulars of delinquent employers on a per province/city bases and to put it on a special record that can be accessed electronically.

Review of SSS Security Plan

The IASG presented the results of its assessment of the existing SSS Security Plan, which was found lacking in certain policies, guidelines, and procedures, such as comprehensive professional assessment of security needs; a security plan for other SSS offices; Crisis Management Team and Emergency Response Teams; and simulation exercises of these teams and the security force; permanent personnel assigned to view CCTV footages in real time; and periodic review or audit of the Security Plan. Also, IASG presented the results of the spot audit of SSS premises, in relation to the security preparations for the visit of the Philippine President for the SSS 60th Anniversary Program.
In 2017, the CCCORM was the most active committee, holding the most number of meetings in the year, in an indefatigable effort at improving SSS’ collection, coverage, and member services. Among the most significant accomplishments are the following:

A. Requirement for submission of certificate of SSS coverage and compliance prior to the issuance of annual business license or permit by local government units

The SSC, in its meeting on 23 January 2017, confirmed the directive of the CCCORM for SSS Management, through the Task Force headed by the Chief Legal Counsel, to submit not later than 24 February 2017, a draft Implementing Rules and Regulations (IRR) of the Social Security Act of 1997, with emphasis on coverage, collection, and enforcement, for the SSC’s approval. The IRR shall include the implementation of Sec. 22 (b) of the SSS Act, which provides that in cases where an employer refuses or neglects to pay SSS contributions, it shall be collected by SSS in the same manner as taxes are made collectible under the National Internal Revenue Code.

1. In the SSC meeting on 8 February 2018, the draft Manual of Procedures on WDLG was presented to the SSC, which then:
   • approved in principle the various levels of authority and at least three (3) signatories for each level of authority, the safety nets and internal controls in the issuance and enforcement of warrants for inclusion in the final Guidelines on the Summary Remedies of WDLG;
   • directed Management to create a Task Force on collection for each region, and for the Human Resource Management Group to rationalize and realign manpower by strengthening collection and enforcement units; and to hold orientation and workshops on the finalized Guidelines on the Summary Remedies of WDLG and,
   • approved the pilot implementation of the Summary Remedies of WDLG in the National Capital Region and selected key branches as may be determined by Management.

2. In the SSC meeting on 8 February 2018, approved the draft SSC Circular on the Guidelines on WDLG and its endorsement to the Office of the President of the Philippines.

B. Warrants of Distraint, Levy and Garnishment (WDLG)

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   • approved the pilot implementation of the Summary Remedies of WDLG in the National Capital Region and selected key branches as may be determined by Management.

3. The SSC approved the draft SSC Circular on the Guidelines on WDLG and its endorsement to the Office of the President of the Philippines.

C. Accounts Management System

The SSC, in its meeting on 23 January 2017, confirmed the directive of the CCCORM for Management, through the group heads of the Branch Operations, Large Accounts, Legal Services, and Information Technology Management, with the participation of representatives of Internal Audit Services Division, to review the Accounts Management System (AMS) business rules and enhance the AMS to include the following:
- a) aging of delinquency;
- b) monthly list of delinquent accounts;
- c) electronic tracking of history; and
- d) real-time processing.

D. Mandatory SSS coverage of job order and contractual personnel in government offices

In the draft Executive Order for consideration by the Office of the President of the Philippines, the SSC confirmed the following:
1. SSS coverage of job order and contractual personnel, who are not covered by the Government Service Insurance System (GSIS), and engaged by all local government units (LGUs), national government agencies (NGA), government-owned and controlled corporations (GOCCs)/government financial institutions (GFI), and other entities.
2. Inclusion of SSS Registration and Clearance as mandatory requirements in the issuance and renewal of licenses of self-employed individuals by the Professional Regulation Commission (PRC) and the Games and Amusement Board (GAB).
3. SSS Registration and Clearance as mandatory requirements in securing Mayor’s Permit and/or annual business permit from the LGU, and as mandatory eligibility requirements in all government procurement activities.
4. Compliance with SSS obligations of all government officers and employees as “kasambahay” employers.

E. Real-Time Processing of SSS Contributions (RTPC)

1. The CCCORM created a project management unit to oversee the development and implementation of the RTPC Business Process Plan. The SSC later approved the procurement of IT resources necessary to support the RTPC Program and to facilitate SSS compliance with the Data Privacy Act of 2012.

While the SSS Compensation and Position Classification System (CPCS) is pending review, the GOAC recognized the important role of Ablat and Concerned Employees of the SSS (ACCESS) and gave it the opportunity to be involved and participate in the deliberation and review thereof, although the same was superseded by the issuance of Executive Order No. 36. The GOAC recognizes the importance of a stable relationship between the SSS Management and its workforce, thus it approved for endorsement to the SSC the following:

- Revision of the SSS Program on Awards and Incentives for Service Excellence (PRAISE).
- Revision of the SSS Merit Selection Plan, which consists of:
  - a) inclusion of Vice President positions under the jurisdiction of the Personnel Selection Board for Higher Management (PSB-HM); and
  - b) the new composition of the PSB-HM to include the PCEO’s/Chairman, two Commissioners, and two outside members designated by the Commission; and
- Assistance to SSS employees affected by the armed conflicts in Marawi.

The Committee advised SSS Management to prioritize the conduct of service quality training programs for branch frontline personnel who receive the most number of complaints. It also initiated the conduct of benchmarking of the best practices in Guadalupe Branch, which was awarded with the seal of excellence by the Civil Service Commission.

The Committee also gave its approval for endorsement to the SSC the additional manpower requirements in anticipation of the implementation of WDLG, and the hiring of more Account Officers to boost collection efforts. It likewise vetted the qualifications of SSS executives who were nominated for promotion.

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INVESTMENTS OVERSIGHT COMMITTEE (IOC)

The IOC approved and endorsed to SSS consideration the following:

- Changes in the 2017 Asset Allocation aimed at maintaining liquidity to cover the benefit increase and other cash build ups, introducing allocation for alternative investments, and minimizing and/or avoiding the utilization of revolving credit lines from financial institutions.
- Sale and/or lease transactions of several real properties and acquired assets.
- Increase in the trading portfolio limit of government securities under the Social Security Fund
- Accreditation of stocks and additional investment in mid- and small capitalization equities.
- Participation in 10-year fixed rate corporate notes.
- Outright sale of P2 billion Government Securities as held-to-maturity under the SSS Fund.
- Block sale of profitable bank shares.
- Review of accredited stocks in the equities portfolio, resulting to re-accreditation, suspension, dis-accreditation and accreditation of certain stocks.
- Participation in the Lamudi Housing Program, which is a web-based program wherein SSS will offer acquired real properties for sale.
- Extension of Loan Restructuring Program (LRP).
- Outsourcing of due diligence studies.
- Annual renewal of accreditation of SSS brokers and depository banks.

It also thoroughly passed upon for review these projects:

- Recommended options for the top seven (7) sub-optimal properties such as redevelopment of SSS Ayala Property.
- Broker’s trading allocation.

To align the investment strategies of the SSS, the Committee endorsed the approval of several policies and guidelines, such as on:

- Disposal of SSS Housing Acquired Assets considering provisions of the Maileda Law (RA 6552).
- Accreditation of Fund Managers.
- SSS Participation in Domestic Mutual Funds.
- Stockbroker Management and Accreditation.

Compliance with the Credit Information Systems Act (RA. 9510) vis-a-vis the Data Privacy Act (RA. 10173).

MEDIA AND COMMUNICATIONS COMMITTEE (MediaCom)

The SSC formally organized the MediaCom, with the task to oversee the SSS media and communications programs, covering both internal and external publics, to recommend policy directions and on adherence thereto, as well as to review and evaluate Management’s recommendations on any media, communications, and stakeholder relations matters, prior to its endorsement to the SSC for its consideration and/or approval.

Proposed Charter of the SSC MediaCom

The SSC approved under Resolution No. 343 dated 10 May 2017 the Charter of the MediaCom. Amendments to the Manual of Corporate Governance for the SSS were made, incorporating therein the creation of the MediaCom and enumerating its duties and responsibilities.

Engagement of services of the Philippine Information Agency (PIA) as the SSS Advertising Campaign Manager, through Negotiated Procurement (thru Agency-to-Agency Agreement).

The SSC approved in principle the engagement of services of the Philippine Information Agency (PIA) as the SSS Advertising Campaign Manager for a period of one (1) year, with a budget allocation of P30-million, taking into account the SSS’s proposals for the advertising campaign: 1) align the promotional campaign on the results of the Strategic Planning to establish the objectives; 2) conduct focus-group discussions involving the stakeholders, instead of mere surveys; 3) use the stakeholders’ perspective in crafting the messages to be imparted; 4) change the slogan consistent with the thrust of the new SSS; and making the message in line with President Duterte’s strong stance on discipline and protection (“Tapang at Malasakit”); 5) highlight in line with President Duterte’s strong stance on discipline and protection (“Tapang at Malasakit”).

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The SSC approved the illustration of a Table for Theoretical Computation of Non-payment of SSS Salary Loan, for the information of members. For over-the-counter loan applications, the said Table shall be part of the application form or a separate document, the receipt of which shall be duly acknowledged by the borrower. For electronic loan applications, its completion shall require borrower’s acknowledgement and confirmation that he/she has read and understood the theoretical computation.

With the RMC endorsement, the Actuarial Group reported to the SSS how the risk-adjusted financial statements are linked to fund life and unfunded liability. The SSS, took note of the 2016 Risk-Adjusted Financial Statements and directed ESS Management, through the Actuarial and Risk Management Group, to conduct fund life benchmarking with countries providing similar social security pension schemes, as well as to run an actuarial simulation using less conservative and more realistic assumptions to be presented to the SSS.

The RMC also issued directives to SSS Management to pay critical attention to the following:

- To make the members more aware of the implications of unpaid loan amortizations, a recommendation to provide a Theoretical Computation of total amount due for sample number of years with no amortization payments at two, five, and ten years, comprising the principal interest and penalty was presented to and endorsed by the RMC to the SSS.

RISK MANAGEMENT COMMITTEE (RMC)

Compliance to national regulations and assessment of impact of relevant risks:

- The RMC emphasized the need for strict compliance to National Privacy Commission Circular No. 16-01, Security of Personal Data in Government Agencies.
- Management recommended and the SSS approved the designation of SSS Data Protection Officers in compliance with the requirement of the Data Privacy Act of 2012 and the National Privacy Commission.
- The Legal and Enforcement Group was also directed to submit its opinion on the interpretation of the Data Privacy Act relative to matters internal to the organization.
- The Legal Enforcement Group was also asked to prepare a position paper on the potential risks to SSS of the pending amendatory bills on maternity leave benefits and possible measures to mitigate identified risks.

Enhancement of SSS investment practices:

The RMC instructed the Investments Sector to do the following:

- Present a roadmap on the integration of all investment systems, including loan portfolios and other assets.
- Present measures to reduce liquidity risks and maximize investment income, after which the SSS approved an (TID) identified measures at hand and five (5) other measures to address liquidity risk.
- Reduce liquidity and maximize the investment and to seek for an opinion from the Office of Government Corporate Counsel (OGCC) on borrowing against the government securities or entering into repurchase agreements.
- Draft policies on “Acquisition of Board Seats in SSS Investee Corporations”; “On ‘Solvency-Responsible Investments’ “and on “Environmental, Social and Governance Investments”.

Measures to manage operational risks:

- Following a report from the Chief Actuary and the Risk Officer on operational risks for both branch and investment operations, the RMC instructed the Actuarial and Risk Management Group to make a feasibility study on the creation of a liability fund that will provide legal service or financial assistance to an SSS employee who is being sued in connection with the performance of his/her duties and responsibilities.
- The RMC also asked the Management to take up with Human Resource Management Group the possibility of transferring some units under the Investments Sector to the Controllership Group to ensure that functions of the front, middle and back offices are separated.

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- The RMC also asked the Management to take up with Human Resource Management Group the possibility of transferring some units under the Investments Sector to the Controllership Group to ensure that functions of the front, middle and back offices are separated.
SSS Financial Risk Dashboard as of April 2017

- The Risk Management Department to coordinate with
- Expedite the bidding for the hiring of Fund Managers;
- The Risk Management Department to coordinate with the Investment Group to come up with a joint proposal on what will be the maximum risk, bar limit, and available measures/controls to minimize losses on the SSS portfolio;
- Conduct a study on the earnings derived from P30 billion worth of monetized salary loans and to submit a simulation on the percentage of earnings from monetization vis-a-vis artificial income (comprising of unpaid loan principal and expected penalties and interests), as well as on the risks associated with the monetization proposal, and how to address or mitigate those risks.

2017 Projected Financial Statement

- Management should make a position paper on the monthly salary credit (MSC) increase in the meantime that SSS could not get a contribution increase and present the same to Department of Finance (DOF) and for eventual approval of the President of the Philippines;
- Inclusion of assumptions/projections in the performance target/financial statement considering therein the effects of early retirement incentive package (ERIP) CPCS (if implemented by the last quarter of 2017 and promotion of personnel), as well as the MSC increase (if it will take effect during the last quarter of 2017).

Proposed Reinsurance Coverage of SSS’ Future Obligations

- Study further the proposed reinsurance coverage of SSS future obligations with focus on disability, sickness, funeral, and death, and to entertain proposals from different insurance companies.

Flow of SSS Equity Transaction

- Request for SSS exemption from DOF Circular No. 01-2015, as amended by DOF Circular No. 03-2015, which directs all national/local government agencies and GOCCs to deposit funds only in qualified government financial institutions
- For the Legal Enforcement Group to submit its opinion on issues regarding the Investments Management System (IMS)
- Transfer, in the meantime, the Settlement and Custodianship Department, which is a newly-created department under the Treasury Division, to the Custodianship Group, subject to review once the IMS is in place.

SSS Member Loan Portfolio

- Study a Pension Loan Program as an additional benefit to SSS members who have loaned to private lenders that require them to surrender their ATM cards to ensure payment.
- Coordinate with the OPCEO on issues on collection of salary loans and to identify measures on how to possibly reduce the five-year (and older) loan accounts.

SSS Cash Flow Projections for the Years 2017 and 2018

- Update the Cash Flow Projections, taking into consideration the possible impact if the two proposed additional benefit payouts, maternity benefit increase, and unemployment insurance, are implemented.

The Effects of the Increases in Contributions and MSC to the SSS Contributions, Fund Life, and Unfunded Liability

- Make a study on the effect to the fund life and unfunded liability of moving all the P1,000 and below MSCs to P4,000 minimum MSC.

The Risk Management Department to coordinate with the Investment Group to come up with a joint proposal on what will be the maximum risk, bar limit, and available measures/controls to minimize losses on the SSS portfolio;

SSS Vision, Mission and Corporate Strategy

In line with reassessing corporate strategies, the Social Security Commission (SSC) engaged the expertise of an external entity, which conducted an evidence-based strategic planning workshop, with the Vision-Mission-Objectives-Key Result Areas-Performance Indicators-Strategies-Programs-Activities-Resources as the framework.

Baseline Assessment of the SSS Internal Control System

In the review of the Internal Control System of SSS operation units/branches, the five internal control components (environment, risk assessment, control activities, information/communications, and monitoring) are present and functioning. The SSC finds that the SSS internal control system in both operations and support units needs improvement.

The Internal Audit Services Group (IASG) was then directed to report to the SSC the operational and support units that violated their mandates and corrective actions done by the IASG, including the imposition of sanctions for violations committed, and the improvement of the risk assessment, control activities, and monitoring components of the internal control system.
**Statement of Management’s Responsibility for Financial Statements**

The management of the Social Security System is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2017 and December 31, 2016 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Social Security System’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Social Security System or to cease operations, or has no realistic alternative to do so.

The Social Security Commission is responsible for overseeing the Social Security System’s financial reporting process.

The Social Security Commission reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders or members.

The Commission on Audit, through its authorized representative, has examined the financial statements of the company pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 28 of the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions and the auditor, in its report to the stockholder or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

**Independent Auditor’s Report**

**The Social Security Commission**
Social Security System
East Avenue, Diliman, Quezon City

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Social Security System (SSS), which comprise the statements of financial position as at December 31, 2017 and 2016, statements of comprehensive income, statements of changes in equity and statements of cash flows, and notes to the financial statements, including a summary of significant accounting policies for the years then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the SSS as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

**Basis for Opinion**

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the SSS in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippine Public Sector, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**EMMANUEL F. DOOC**
Vice Chairman, Social Security Commission
and President and CEO, SSS

**ELVIRA G. ALCANTARA-RESARE**
Senior Vice President, Controllership Group

**Republic of the Philippines**
**COMMISSION ON AUDIT**
Commonwealth Avenue, Quezon City, Philippines
As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2017 required by the Bureau of Internal Revenue as disclosed in Note 34 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of Management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

COMMISSION ON AUDIT

ELIZABETH M. SAVELLA
Supervising Auditor

June 4, 2018

Statements of Financial Position

(in Philippine Peso)

As at December 31, 2017 and 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
<th>As restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3</td>
<td>26,821,426,070</td>
<td>17,830,990,092</td>
</tr>
<tr>
<td>Receivables</td>
<td>4.1</td>
<td>16,847,812,051</td>
<td>14,724,581,739</td>
</tr>
<tr>
<td>Inventories</td>
<td>5.1</td>
<td>4,566,519,389</td>
<td>7,423,590,466</td>
</tr>
<tr>
<td>Non-current assets held for sale</td>
<td>6</td>
<td>191,279,828</td>
<td>250,682,596</td>
</tr>
<tr>
<td>Other current assets</td>
<td>7</td>
<td>6,966,330,784</td>
<td>4,336,866,810</td>
</tr>
<tr>
<td>Other current assets</td>
<td>8</td>
<td>12,272,251</td>
<td>17,429,982</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>54,405,639,173</td>
<td>44,415,071,675</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td>4.2</td>
<td>326,900,661,415</td>
<td>318,857,542,093</td>
</tr>
<tr>
<td>Receivables</td>
<td>5.2</td>
<td>87,665,909,114</td>
<td>85,029,154,061</td>
</tr>
<tr>
<td>Investment property</td>
<td>9</td>
<td>30,892,248,159</td>
<td>22,904,258,201</td>
</tr>
<tr>
<td>Property and equipment - net</td>
<td>10</td>
<td>4,450,181,149</td>
<td>4,530,621,832</td>
</tr>
<tr>
<td>Intangible assets - net</td>
<td>11</td>
<td>239,096,350</td>
<td>237,263,642</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>12</td>
<td>347,748,743</td>
<td>336,583,886</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td></td>
<td>450,495,943,990</td>
<td>431,983,413,904</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>450,901,583,163</td>
<td>476,498,485,579</td>
</tr>
</tbody>
</table>

| **LIABILITIES** | | | |
| Current liabilities | | | |
| Financial liabilities | 13 | 8,115,832,971 | 7,364,996,703 |
| Inter-agency payables | 14 | 178,092,873 | 172,309,608 |
| Trust liabilities | 15 | 654,719,321 | 605,437,288 |
| Deferred credits/deferred income | 16 | 122,309,497 | 28,113,117 |
| Other payables | 18 | 7,743,958,037 | 6,992,514,603 |
| **Total Current Liabilities** | | 10,814,832,699 | 9,935,181,350 |
| Non-current liabilities | | | |
| Financial liabilities | 13 | 37,179,482 | 29,687,806 |
| Deferred credits/deferred income | 16 | 419,613,518 | 436,464,187 |
| Provisions | 17 | 1,466,426,866 | 1,607,055,231 |
| Other payables | 18 | 50,000,000 | 50,000,000 |
| **Total Non-Current Liabilities** | | 1,163,219,808 | 1,125,107,024 |
| **Total Liabilities** | | 11,978,042,505 | 11,060,288,374 |

| **EQUITY** | | | |
| Revaluation surplus | | 2,879,088,355 | 2,879,088,355 |
| Reserve fund | | 496,595,968,020 | 476,562,642,562 |
| Cumulative changes in fair value | | (8,161,549,950) | (15,650,037,897) |
| Member’s equity | | 2,739,541,173 | 626,403,525 |
| **Total Equity** | | 492,087,440,598 | 464,420,146,938 |
| **Total Liabilities and Equity** | | 504,865,483,103 | 476,396,485,279 |

The Notes on pages 67 to 90 form part of these financial statements.
## Statements of Comprehensive Income

**(in Philippine Peso)**

**For the Years Ended December 31, 2017 and 2016**

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service and business income</td>
<td>20</td>
<td>185,928,657,072</td>
</tr>
<tr>
<td>Gains</td>
<td>21</td>
<td>15,627,833,895</td>
</tr>
<tr>
<td>Other non-operating income</td>
<td>22</td>
<td>833,984,167</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td>202,390,264,934</td>
</tr>
</tbody>
</table>

| **Expenses** | | |
| Benefit payments | 23 | 170,683,577,389 | 132,975,774,251 |
| Personnel services | 24 | 6,307,554,940 | 6,252,840,686 |
| Maintenance and other operating expenses | 25 | 3,001,041,031 | 2,955,768,330 |
| Financial expenses | 26 | 176,168,301 | 141,093,400 |
| Non-cash expenses | 27 | 2,466,101,229 | 4,959,964,951 |
| **Total Expenses** | | 182,656,442,890 | 147,388,441,218 |

| **Net Income** | | 27,733,822,044 | 31,786,562,331 |

**The Notes on pages 61 to 90 form part of these financial statements.**

## Statements of Changes in Equity

**(in Philippine Peso)**

**For the Years Ended December 31, 2017 and 2016**

<table>
<thead>
<tr>
<th>Cumulative Changes in Fair Values of Investment Surplus</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BALANCE AT JANUARY 1, 2016</strong></td>
<td>-12,648,278,320</td>
<td>2,879,088,355</td>
</tr>
<tr>
<td><strong>CHANGES IN EQUITY FOR 2017</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ contribution</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Comprehensive income for the year</td>
<td>7,488,487,947</td>
<td>-</td>
</tr>
<tr>
<td><strong>OTHER ADJUSTMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SSS’ share in ECC &amp; OSHC corporate operating budget</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Withdrawal/Management cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Guaranteed income/Annual incentive benefit</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reclassification of property and equipment below P15K capitalization threshold to semi-expendable property</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>CHANGES IN EQUITY FOR 2017</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BALANCE, DECEMBER 31, 2017</strong></td>
<td>(8,161,549,950)</td>
<td>2,879,088,355</td>
</tr>
</tbody>
</table>

**The Notes on pages 61 to 90 form part of these financial statements.**
## Statements of Cash Flows

**(in Philippine Peso)**

**For the Years Ended December 31, 2017 and 2016**

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members' contribution</td>
<td>159,724,023,283</td>
<td>144,364,882,509</td>
</tr>
<tr>
<td>Investment and other income</td>
<td>16,364,942,953</td>
<td>20,777,436,157</td>
</tr>
<tr>
<td>Payments to members and beneficiaries</td>
<td>(170,684,504,454)</td>
<td>(132,977,719,470)</td>
</tr>
<tr>
<td>Payments for operations</td>
<td>(1,181,586,423)</td>
<td>(8,968,781,671)</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td>(3,757,124,641)</td>
<td>23,125,816,525</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan releases and other investment purchases, net</td>
<td>12,957,656,853</td>
<td>(23,910,755,138)</td>
</tr>
<tr>
<td>Acquisition of property and equipment, net</td>
<td>(163,203,579)</td>
<td>(260,378,529)</td>
</tr>
<tr>
<td>Acquisition of intangible assets, net</td>
<td>(14,382,446)</td>
<td>(136,727,320)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>12,780,700,829</td>
<td>(24,306,860,987)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate operating budget of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees' Compensation Commission</td>
<td>(77,396,200)</td>
<td>(83,124,300)</td>
</tr>
<tr>
<td>Occupational Safety and Health Center</td>
<td>(83,268,675)</td>
<td>(93,020,200)</td>
</tr>
<tr>
<td>Flexi-Fund equity</td>
<td>149,315,183</td>
<td>103,555,460</td>
</tr>
<tr>
<td>Contribution</td>
<td>(46,441,841)</td>
<td>(47,479,019)</td>
</tr>
<tr>
<td>Withdrawal</td>
<td>12,750,225</td>
<td>11,246,161</td>
</tr>
<tr>
<td>Guaranteed income</td>
<td>(6,014,460)</td>
<td>(5,175,409)</td>
</tr>
<tr>
<td>Management cost of investment</td>
<td>(1,732,959)</td>
<td>(1,460,946)</td>
</tr>
<tr>
<td>Annual incentive benefit</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>PESSO fund equity</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contribution</td>
<td>20,415,400</td>
<td>15,154,600</td>
</tr>
<tr>
<td>Withdrawal</td>
<td>(74,270)</td>
<td>(100,000)</td>
</tr>
<tr>
<td>Management cost of investment</td>
<td>26</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(92,440,210)</td>
<td>(100,403,663)</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</strong></td>
<td>17,830,920,092</td>
<td>19,112,368,217</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT END OF YEAR</strong></td>
<td>26,621,426,070</td>
<td>17,830,920,092</td>
</tr>
</tbody>
</table>

The Notes on pages 61 to 80 form part of these financial statements.

---

## Notes to Financial Statements

### 1. REPORTING ENTITY

The Social Security System (SSS) is a government financial institution which administers social security protection to workers in the private sector. Social security provides replacement income for workers in times of death, disability, sickness, maternity and old age.

On September 1, 1957, Republic Act (RA) No. 1161 or the “Social Security Act of 1954” was implemented. Thereafter, the coverage and benefits given by SSS have been expanded and enriched through the enactment of various laws. On May 1, 1997, RA No. 8282, otherwise known as the “Social Security Act of 1997”, was enacted to further strengthen the SSS. Under this Act, the government accepts general responsibility for the solvency of the SSS and guarantees that prescribed benefits shall not be diminished. Section 6 of RA No. 1161, as amended by RA No. 8282, exempts the SSS and all its benefit payments from all kinds of taxes, fees or charges, customs or import duties.

Pursuant to Section 9 of RA No. 8282, coverage in the SSS shall be compulsory upon all private employees not over 60 years of age and their employers, household helpers earning at least P1,000 a month, and self-employed persons, regardless of trade, business or occupation, with an income of at least P1,000 a month. It also allows voluntary coverage of separated members, Overseas Filipino workers (OFWs) and non-working spouses of SSS members.

It is mandatory for the covered employees and employers, household helpers and their employers, and self-employed persons to pay their monthly contributions in accordance with the SSS Contribution Schedule and to remit the same to the SSS on the payment deadline applicable.

Under Section 26-B of RA No. 8282, the SSS as part of its investment operations, acts as insurer of all or part of its interest on SSS properties mortgaged to the SSS, or lives of mortgagors whose properties are mortgaged to the SSS. For this purpose, a separate account known as the “Mortgagors’ Insurance Account” was established wherein all amounts received by the SSS in connection with the aforesaid insurance operations are placed in the said account.

Under Section 4.2.1 of RA No. 8282, a voluntary provident fund for OFWs was authorized. The voluntary provident program known as the “Flexi-Fund” was established and approved by the Social Security Commission (SSC) under Resolution No. 288 dated April 18, 2001 and by the President of the Philippines on September 17, 2001.

Membership to the Flexi-Fund of the SSS is on voluntary basis for those with at least P18,000 monthly earnings either covered under existing program or new entrant with requirement of initial contributions to the Flexi-Fund program. Voluntary membership starts upon first payment of contribution to the supplementary program.

Another voluntary provident fund program of SSS is the Personal Equity and Savings Option (PESSO) Fund which was established and approved by the SSC on March 16, 2011 under Resolution No. 349, and by the President of the Philippines on June 6, 2011. It is offered exclusively to SSS members in addition to the regular SSS program. It aims to provide SSS members the opportunity to receive additional benefits on their capacity to contribute more.

Membership to the PESSO Fund is open to all employees, self-employed, voluntary and OFW members who have met the following qualifications: (a) below 55 years of age; (b) have paid contributions in the regular SSS program for at least six consecutive months within the 12-month period immediately prior to the month of enrollment; (c) self-employed, voluntary and OFW members should be paying the maximum amount of contributions under the regular SSS program; and (d) have not filed claim under the regular SSS program. Membership begins with the payment of the first contribution to the PESSO Fund. Each member shall be allowed a maximum contribution of P500,000 per annum and a minimum of P1,000 per contribution.

The SSS also administers Employees’ Compensation and State Insurance Fund as provided for by Presidential Decree (PD) No. 626, as amended. The Employees’ Compensation Commission (ECC), a government corporation, is attached to the Department of Labor and Employment for policy coordination and guidance. It was created on November 1, 1974 by virtue of PD No. 442 or the Labor Code of the Philippines. It, however, became fully operational with the issuance of PD No. 626 which took effect January 1, 1975.

The ECC is a quasi-judicial corporate entity created to implement the Employees’ Compensation Program (ECP). The ECP provides a package of benefits for public and private sector employees and their dependents in the event of work-connected contingencies such as sickness, injury, disability or death.

The State Insurance Fund (SIF) was established to provide funding support to the ECP. It is generated from the employers’ contributions collected by both SSS and SSS from public and private sector employers, respectively.

Coverage in the SSS is compulsory upon all employees not over 60 years of age, provided, that an employee who is over 60 years of age and paying contributions to qualify for the retirement life insurance benefit administered by the System shall be subject to compulsory coverage.
The summary of the financial performance and result of operations of the funds as at December 31, 2017, are as follows. All inter-fund accounts have been eliminated.

<table>
<thead>
<tr>
<th></th>
<th>SSS</th>
<th>EC-SIP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>467,248,559,531</td>
<td>37,616,923,372</td>
<td>504,865,483,103</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>12,777,664,266</td>
<td>378,240</td>
<td>12,777,942,506</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>454,470,895,266</td>
<td>37,616,645,332</td>
<td>492,087,540,598</td>
</tr>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td>467,248,559,531</td>
<td>37,616,923,372</td>
<td>504,865,483,103</td>
</tr>
</tbody>
</table>

The principal office address of SSS is located at East Avenue, Diliman, Quezon City. It has 171 local branches and 120 service and representative offices located in the various cities and municipalities of the country, and 23 foreign branches offices situated in Asia and Pacific, Europe, Middle East and North America.

The accompanying financial statements as of and for the year ended December 31, 2017 (including the comparative financial statements as of and for the year ended December 31, 2016) were approved and authorized for issue by the SSC on April 11, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

The financial statements are presented in accordance with PAS 1, Presentation of Financial Statements. The financial statements of the SSS have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

2.2. Adoption of new and amended PFRS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

f. Provisions

Provisions are measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation, and reflects the present value of expenditures required to settle obligation where the time value of money is material.

SSS recognizes a provision if, and only if: (a) a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event); (b) payment is probable (more likely than not), and (c) the amount can be estimated reliably.

g. Events after reporting period

Post year-end events that provide additional information about the System's financial position at the end of the reporting period are disclosed in the notes to financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

2.2. Adoption of new and amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS and Philippine Interpretations which the SSS adopted effective for the financial year beginning on or after January 1, 2017:

- Amendments to PAS 12, Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses – These amendments clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. They also clarify certain other aspects of accounting for deferred tax assets.
- Amendments to PAS 12, Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses – These amendments clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. They also clarify certain other aspects of accounting for deferred tax assets.
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- Amendments to PAS 12, Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses – These amendments clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. They also clarify certain other aspects of accounting for deferred tax assets.

The adoption of the foregoing new and revised PFRS did not have any material effect on the financial statements.
Effective subsequent to 2017 but not adopted early

Relevant new and revised PRFS which are not yet effective for the year ended December 31, 2017 and have not been applied in the preparation of the financial statements are summarized below.

Effective annual periods beginning on or after January 1, 2018:

- Amendments to PAS 40 – Transfers of Investment Property - The amendments clarify when an entity should transfer property including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, ceases to meet, the definition of investment property and there is evidence of the change in use. A change in management's intent for the use of a property does not provide evidence of a change in use. The amendments will eliminate diversity in practice.

- Amendments to PFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions - These amendments clarify the accounting for cash-settled share-based payment transactions that include a performance condition, classification of share-based payment transactions with net settlement features and accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

- PFRS 9, Financial Instruments – PFRS 9 requires an entity to classify financial assets as subsequently measured at either amortized cost or fair value on the basis of both the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. A financial asset shall be measured at amortized cost if both of the following conditions are met: (a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an entity may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an ‘accounting mismatch’) that would otherwise arise from measuring assets or liabilities or recognizing the gain or loss on them on different bases. A financial asset shall be measured at fair value unless it is measured at amortized cost.

- Amendments in Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts - The amendments to PFRS 9 provide two options for entities that issue insurance contracts. An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach and an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

- PFRS 15, Revenue from Contract Customers - The amendments address three topics: identifying performance obligations, principal versus agent considerations and licensing. PFRS 15 requires an entity to identify performance obligations on the basis of distinct promised goods or services. When another party is involved in providing goods or services to a customer, it requires an entity to determine whether it is the principal in the transaction or the agent on the basis of whether it controls the goods or services before they are transferred to the customer. When an entity grants a license to a customer that is distinct from other goods or services, the license is transferred at a point in time or over time on the basis of whether the contract requires the entity to undertake activities that significantly affect the intellectual property to which the customer has rights.

- PFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration - The interpretation clarifies that in determining the spot exchange rate to be used on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the relative date of the transactions and use the correct date as the conversion date. The aim is to ensure that expenses or revenues are intended to eliminate diversity in practice, when recognizing the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration received or paid in foreign currency.

- Amendments to PFRS 1, First-time Adoption of PFRS: The amendments deleted short-term exemptions for first-time adopters regarding PFRS 7, Financial Instruments – Disclosures, PFRS 19, Employee Benefits and PFRS 10.

- Amendments to PAS 28, Investments in Associates and Joint Ventures: The amendments clarify that the election to measure at FVTPL an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other similar entity, for early investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Effective for reporting periods beginning or after January 1, 2019:

- PFRS 16 – Leases - The new accounting model under PFRS 16 requires a lessee to recognize a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. This will typically produce a front-loaded expense profile as an assumed usage of the asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period. The new standard brings most leases on balance sheet for lessors under a single model, eliminating distinction between operating and finance leases. Lessor accounting however remains unchanged and the distinction between operating and finance lease is retained. PFRS 16 is likely to have a significant impact on the financial statements of a number of lessors. The new standard will affect both the balance sheet and related ratios, such as debt-to-asset ratios. Depending on the particular industry and the number of lease contracts previously classified as operating leases under PAS 17, the new approach will result in a significant increase in debt on the balance sheet.

- PFRIC Interpretation 23 - Uncertainty over Income Tax Treatments - The interpretation specifically addresses (a) whether an entity considers uncertain tax treatments separately (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities (c) how an entity determines taxable profit (tax loss), tax bases unused tax losses, unused tax credits and tax rates and (d) how an entity considers changes in facts and circumstances. Applying the interpretation could be challenging for entities, particularly those that operate in more complex multinational tax environments. Entities may also need to evaluate whether they have established appropriate processes and procedures to obtain information on a timely basis that is necessary to apply the requirements in the interpretation and make the required disclosures.

- Amendments to PFRS 9, Financial Instruments – Prepayment Features with Negative Compensation. These amendments confirm that when a financial liability measured at amortized cost is modified, this resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

- Amendments to PFRS 28, Investment in Associates – Long-term Interests in Associates and Joint Ventures: These amendments clarify that an entity applies PFRS 9, Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Effective for reporting periods beginning or after January 1, 2021:

- PFRS 17 – Insurance Contracts - PFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

- The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful as a basis for financial statements. The core model of IFRS 17 is the general model, which is implemented by (a) a specific adaptation for contracts with direct participation features (the variable fee approach) (b) a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment of cash flows)
- A new measure of performance: the Contractual Service Margin (CSM) that is equal to the present value of any day one gain in the fulfillment of cash flows of a group of contracts, representing unearned profitability of the insurance contracts to be recognized in profit or loss over the service period
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognized in profit or loss over the remaining contractual service period
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income, simplified to a single charge for each period
- Amounts that the policy holder will always receive regardless of whether an insurer event happens (non-direct investment components) are not presented in the income statement, but are recognized directly on the balance sheet
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.
2.3. Financial assets

a. Date of recognition

The SSS initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the SSS becomes a party to the contractual arrangements of the instrument.

b. Initial recognition

The SSS initially recognizes a financial asset at fair value. Transaction costs are included in the initial measurement, except for financial assets measured at FVTPL.

c. Determination of fair value

The SSS determines fair value based on the nature of the financial assets classified according to the intention of the management following the fair value hierarchy of PFRS 13. This seeks to increase consistency and comparability in fair value measurements and related disclosures. Based on the Hierarchy category which considers the inputs used in valuation techniques into three levels, SSS financial assets fall under Levels 1 to 3 only.

d. Classification

The SSS has the following non-derivative financial assets at FVTPL, held-to-maturity financial assets, loans and receivables and AFS financial assets.

d1. Financial assets at FVTPL

Financial assets at FVTPL consist of held-for-trading financial assets. Held-for-trading financial assets are financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short-term profit taking.

Upon initial recognition, attributable transaction costs are recognized in profit or loss. Financial assets at FVTPL are measured at fair value and changes therein are recognized in profit or loss.

d2. Held-to-maturity (HTM) financial assets

HTM financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity for which there is the positive intention and ability to hold to maturity. They are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, HTM investments are measured at amortized cost using the effective interest method, less any impairment recognized.

Gains and losses are recognized in profit or loss when the HTM financial assets are derecognized or impaired, as well as through the amortization process.

d3. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at cost or amortized cost less impairment in value. A loan or receivable is deemed impaired when it is considered that it will probably not be possible to recover all the amounts due according to the contractual terms, or equivalent value. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that such loans and receivables are impaired.

d4. AFS financial assets

AFS financial assets are non-derivative financial assets that are designated as AFS and that are not classified in any of the other categories. Subsequent to initial recognition, AFS financial assets are carried at fair value in the statement of financial position. Changes in the fair value of such assets are recognized in other comprehensive income and presented within reserves in the unrealized gain or loss on AFS financial assets portion. When an AFS financial asset is derecognized, the cumulative gains or losses are transferred to profit or loss and presented as a reclassification adjustment within the statement of comprehensive income. Dividends on AFS equity instruments are recognized in profit or loss when the right to receive payments is established.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from reserves to profit or loss and presented as a reclassification adjustment within the statement of comprehensive income. Reversals in respect of equity instruments classified as AFS are not recognized in profit or loss.

e. Impairment of financial assets

The SSS determines whether an event or change in circumstances has occurred that indicates the carrying amount of a financial asset is no longer recoverable. If an indication of impairment exists, the SSS assesses the creditworthiness of the debtor and other factors to determine if a specific impairment loss should be recognized. Where there is an indication of impairment, an assessment is made to determine whether the impairment is ‘other than temporary’. If an asset is no longer recoverable, the carrying amount is reduced to the present value of the expected future cash flows of the financial asset or group of financial assets that can be reliably estimated. The carrying amount of the impaired asset is reduced to the extent that it exceeds the asset’s net realizable value. Impairment losses are recognized in full in profit or loss.

If in subsequent periods, the amount of accumulated impairment loss has decreased because of an event occurring after impairment has been recognized, the decrease is allowed to be reversed to profit or loss to the extent that the resulting carrying value will not exceed the amortized cost determined had no impairment been recognized.

f. Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the SSS either has transferred substantially all risks and rewards of ownership or has neither transferred nor retained substantially all the risks and rewards of ownership, but has transferred control of the asset.

2.4. Cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

2.5. Supplies and materials

Supplies and materials are valued at cost using the weighted average method. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operation of the SSS.

2.6. Investment properties

Investment property account consists of property held to earn rentals and/or for capital appreciation. This account also includes real properties that were previously subject of mortgage loan, individual real estate loan, commercial and industrial loan which were foreclosed or acquired through dacion en pago, cancelled or relinquished by former owners in favor of SSS due to non-payment.

An investment property is initially measured at cost, including transaction costs. Such cost should not include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy. After initial recognition, it is measured at fair value with any change therein recognized in profit or loss.
The fair values of investment properties are determined annually at the reporting date by an independent professionally qualified valuer. The market value is estimated using gathered available market evidences giving considerations to the extent, character and utility of the properties. The zoning and current land usage in the locality and the highest and best use of the property were used to collect data on current prices.

The Sales Comparison Approach was also used to measure land under the investment property category by gathering current values thru analyses of comparable properties recently sold and current asking prices. For buildings and structures, the appraisers used the Modified Quantity Survey Method, taking into account the current replacement cost of the property.

The fair valuation of these investment properties is considered to represent a Level 3 valuation based on significant non-observable inputs being the location and condition of the property.

Transfers to or from investment property are made when there is a change in use, evidenced by: (a) commencement of owner-occupation; (b) end of owner-occupation; or (c) commencement of an operating lease to another party.

### Property and equipment

Property and equipment, except land and construction in progress, are stated at cost less accumulated depreciation, amortization and any impairment in value. Land is carried at revalued amount. Increase in value as a result of revaluation is credited to reserves under revaluation surplus unless it represents the reversal of a revaluation decrease of the same asset previously recognized as an expense, in which case it is recognized as income. On the other hand, a decrease arising as a result of a revaluation is recognized as an expense to the extent that it exceeds any amount previously credited to property valuation reserve relating to the same asset. Construction in progress (CIP) represents building and building/leasehold improvements under construction and is stated at cost. CIP is not depreciated until such time as the relevant asset is completed and put into operational use.

The initial cost of property and equipment consist of its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs necessary in bringing the asset to its working condition and location for its intended use. Cost also includes initial estimate for dismantling and removing the item or restoring the site on which it is located, the obligation for which an entity incurs when the item is acquired.

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if the replacement part is not expected to enhance the future economic benefits embodied in the relevant part of the item. The cost of replacing a part of an item of property and equipment is derecognized if either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses on the retirement and disposal of an item of property and equipment are recognized in the consolidated statements of income in the period of retirement or disposal.

Expenditures incurred after the item has been put into operations, such as repairs and maintenance, are normally recognized as expense in the period such cost are incurred.

Depreciation is calculated over the depreciable amount less its residual value. It is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives of property and equipment are as follows:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building/building improvements</td>
<td>10-30 years</td>
</tr>
<tr>
<td>Furniture and equipment/computer hardware</td>
<td>5-10 years</td>
</tr>
<tr>
<td>Land improvements</td>
<td>10 years</td>
</tr>
<tr>
<td>Transportation equipment</td>
<td>7 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>10-30 years or the term of lease whichever is shorter</td>
</tr>
</tbody>
</table>

Property and equipment except land and construction in progress have residual value equivalent to ten per cent of the acquisition cost.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is recorded or charged to current operations.

Pursuant to COA Circular 2016-006 dated December 29, 2016, SSS issued Office Order No. 2017-019 dated March 17, 2017 to align with the Revised Chart of Accounts for Government Corporations. Items whose amounts are below the capitalization threshold of ₱15,000 shall be accounted as semi-depreciable property or furniture and equipment.

### Intangible assets

Acquired computer software/licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Computer software/licenses with finite lives are amortized on a straight-line basis over their estimated useful lives, while those with indefinite useful lives or those used perpetually or for as long as there are computers compatible with them are carried at cost and tested annually for impairment or whenever there is an indication that the assets may be impaired.

### Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable and the asset is available for immediate sale in its present condition.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Any excess of carrying amount over fair value less costs to sell is an impairment loss. No depreciation is recognized for these assets while classified as held for sale. Upon in-depth assessment that properties classified as non-current held for sale cease to meet the conditions set under IFRS 15, such assets will be reclassified to other asset classification which best suits the individual assessment criteria of the property. The reclassification will be subject to the approval of the SSS Commission.

Non-current assets held for sale include real and other properties acquired (ROPA) in settlement of contribution and member/housing/other loan delinquencies through foreclosure or dation in payment. They are initially booked at the carrying amount of the contribution/loan delinquency plus transaction costs incurred upon acquisition. When the booked amount of ROPA exceeds the appraised value of the acquired property, an allowance for impairment loss equivalent to the excess of the amount booked over the appraised value is set up.

### Impairment of non-financial assets

The carrying amount of non-financial assets, other than investment property and non-current assets held for sale is assessed to determine whether there is any indication of impairment or an impairment previously recognized may no longer exist or may have decreased. If any such indication exists, then the asset’s recoverable amount is estimated. Recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use.

Impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognized in profit or loss unless it relates to a revalued asset where the value changes are recognized in other comprehensive income/loss and presented within reserves in the property valuation reserve portion. Depreciation and amortization charge for future periods is adjusted.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years.

### Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the SSS and the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

a. Members’ contributions

Revenue is recognized upon collection, except for contributions from Flexi-Fund and PESO Fund members which are directly credited to equity.

b. Interest income

Revenue is recognized as the interest accrues, taking into account the effective yield on the asset. Excluded is interest income from member and housing loans which is recognized upon collection.

c. Dividend income

Dividend income is recognized at the time the right to receive the payment is established.

d. Rental income

Rental income is recognized on a straight-line basis over the lease term.

### Expense recognition

Expenses are recognized in the statement of comprehensive income upon utilization of the service or at the date they are incurred.

### Operating leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

<table>
<thead>
<tr>
<th>Assets</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building/building improvements</td>
<td>10-30 years</td>
</tr>
<tr>
<td>Furniture and equipment/computer hardware</td>
<td>5-10 years</td>
</tr>
<tr>
<td>Land improvements</td>
<td>10 years</td>
</tr>
<tr>
<td>Transportation equipment</td>
<td>7 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>10-30 years or the term of lease whichever is shorter</td>
</tr>
</tbody>
</table>
4. FINANCIAL ASSETS

4.1 Current Financial Assets

This account is composed of financial assets at fair value through surplus/profit or deficit/loss and investment in bonds maturing within the year.

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>725,786,795</td>
</tr>
<tr>
<td>Cash in bank</td>
<td>1,810,819,609</td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>24,285,439,711</td>
</tr>
<tr>
<td>Total current financial assets</td>
<td>3,061,092,017</td>
</tr>
<tr>
<td>Loans receivable - other government corp.</td>
<td>7,085,201,375</td>
</tr>
<tr>
<td>Allowance for impairment</td>
<td>104,752,740,666</td>
</tr>
<tr>
<td>Total current receivables</td>
<td>3,159,494,199</td>
</tr>
<tr>
<td>Total non-current financial assets</td>
<td>2,406,664,683</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>5,566,158,882</td>
</tr>
</tbody>
</table>

5. RECEIVABLES

5.1 Current Receivables

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and receivable accounts</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>487,688</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>3,311,675,908</td>
</tr>
<tr>
<td>Dividends receivable</td>
<td>33,217,293</td>
</tr>
<tr>
<td>Loans receivable – other government corp.</td>
<td>487,526,354</td>
</tr>
<tr>
<td>Sales contract receivable</td>
<td>10,322,407</td>
</tr>
<tr>
<td>Receivables – disallowances/charges</td>
<td>3,355,713,296</td>
</tr>
<tr>
<td>Due from officers and employees</td>
<td>27,616,870</td>
</tr>
<tr>
<td>Insurance claims receivable</td>
<td>1,535,180</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1,106,913,820</td>
</tr>
<tr>
<td>Total current receivables</td>
<td>4,566,519,389</td>
</tr>
</tbody>
</table>

The fair value of the marketable securities classified as AFS financial asset as at December 31, 2017 and 2016 is P101.60 billion and P102.40 billion, respectively, and are measured using active quoted market prices, recurring and level 1 based on the level of fair value hierarchy. They are measured at fair value to properly reflect the changes and actual values of the asset in the market. Fair value gains/losses are recognized in the other comprehensive income.

Notes and bonds earn interest at 2.12% to 8.50% per annum depending on the amount and terms of the investment. Interest income earned from investments in bonds – local as at December 31, 2017 and 2016 is P10,514,602,646 and P10,514,602,606, respectively (See Note 20).

4.2 Non-Current Financial Assets

The fair value of financial assets through surplus/profit or deficit/loss are measured using active quoted market prices, recurring and Level 1 based on the level of fair value hierarchy. They are measured at fair value to properly reflect the changes and actual values of the asset in the market.

The costs of the financial assets are as follows:

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial asset – available for sale securities</td>
<td>104,752,740,666</td>
</tr>
<tr>
<td>Allowance for impairment</td>
<td>104,752,740,666</td>
</tr>
<tr>
<td>Total non-current financial assets</td>
<td>326,900,661,415</td>
</tr>
</tbody>
</table>

The SSS regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the system, or vice versa. The key management personnel of the SSS are the following: (a) Members of the SSC; (b) President and Chief Executive Officer (PCED); and (c) Executive Vice President.

The SSS agrees to maintain minimum balances, or to exercise significant influence over the system, or vice versa. The key management personnel of the SSS are the following: (a) Members of the SSC; (b) President and Chief Executive Officer (PCED); and (c) Executive Vice President.
Management System (e-LMS) in accordance with related policy enhancements for loans granting, billing, payment, posting and reporting. The system will be enhanced to facilitate accurate computation, clearing, reconciliation and reporting of accrual and collection transactions which shall be the basis in recording interest income and receivables. Meanwhile, the unrecorded accrued interest for ML and HL including Sales Contract Receivables is estimated at around P749 million and P693 million as at December 31, 2017 and 2016, respectively, computed following the provisions of the BSP Circular Nos. 136 (1995) and 172 (1997) on non-performing loans. The circular states that ‘No accrual of interest income is allowed if a loan has become non-performing as defined under this Circular. Interest on non-performing loans shall be taken up as income only when the lender feels that the loan is no longer losing funds and may thereby be considered as non-performing when three (3) or more installments are in arrears.”

Accounts receivable account is composed of short-term loans, housing loans, commercial and industrial loans to members.

### 5.2 Non-Current Receivables

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and receivables accounts</td>
<td>87,630,638,578</td>
</tr>
<tr>
<td>Allowance for impairment – accounts receivable</td>
<td>(7,955,144,003)</td>
</tr>
<tr>
<td>Net value – accounts receivable</td>
<td>79,675,494,575</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>12,713,176,773</td>
</tr>
<tr>
<td>Allowance for impairment – interest receivable</td>
<td>(12,707,637,859)</td>
</tr>
<tr>
<td>Net value – interest receivable</td>
<td>5,538,514</td>
</tr>
<tr>
<td>Loans receivable – other government corp.</td>
<td>10,253,220,881</td>
</tr>
<tr>
<td>Allowance for impairment – loans receivable</td>
<td>(4,711,440,486)</td>
</tr>
<tr>
<td>Net value – loans receivable – other government corp.</td>
<td>5,542,280,395</td>
</tr>
<tr>
<td>Sales contract receivable</td>
<td>984,139,142</td>
</tr>
<tr>
<td>Allowance for impairment – interest receivable</td>
<td>(401,020,528)</td>
</tr>
<tr>
<td>Net value – interest receivable</td>
<td>583,118,614</td>
</tr>
<tr>
<td>Total loans and receivables</td>
<td>86,166,228,392</td>
</tr>
<tr>
<td>Lease receivable</td>
<td>3,180,442</td>
</tr>
<tr>
<td>Allowance for impairment – operating lease</td>
<td>(3,180,442)</td>
</tr>
<tr>
<td>Net value – operating lease receivable</td>
<td>3</td>
</tr>
<tr>
<td>Other receivable</td>
<td>251,716,637</td>
</tr>
<tr>
<td>Allowance for impairment – other receivable</td>
<td>(17,346,136)</td>
</tr>
<tr>
<td>Net value – other receivable</td>
<td>1,347,300,682</td>
</tr>
<tr>
<td>Total other receivable</td>
<td>1,499,890,389</td>
</tr>
<tr>
<td>Total non-current receivables</td>
<td>87,620,629,514</td>
</tr>
</tbody>
</table>

Loans and receivables earn interest at their respective rates, as follows:

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member loans</td>
<td>45,313,222,064</td>
</tr>
<tr>
<td>Housing loans</td>
<td>2,490,846,386</td>
</tr>
<tr>
<td>Commercial and industrial loans</td>
<td>70,300,102</td>
</tr>
<tr>
<td>Program member assistance for development entrepreneurship (MADe)</td>
<td>9,019,320</td>
</tr>
<tr>
<td>Total</td>
<td>87,630,638,578</td>
</tr>
</tbody>
</table>

| Allowance for impairment | (7,955,144,003) | (6,287,436,038) |
| Net value – accounts receivable | 79,675,494,575 | 76,675,143,031 |

On April 25, 2016, SSS issued the guidelines on the Loan Restructuring Program (LRP) for member-borrowers affected by previous calamities/disaster under Office Order No. 2016-026. The objective of the program is to provide reprieve for members with past due calamity loans and other short-term member loans residing or working in calamity/disaster-stricken areas as declared by the National Disaster Risk Management and Recovery Council. The total principal and accrued interests of all past due short-term loans of the member-borrower shall be consolidated into one Restructured Loan (RLI). Penalties shall be condoned after full payment of outstanding principal and interest of RLI within the approved term. The balance of RLI should be zero at the end of the term. Otherwise, the unpaid principal of RLI and the proportionate balance of condonable penalty shall become part of a new principal under Restructured Loan 2 (RL2). The availing period of the program is up to one year from April 28, 2016 until April 27, 2017.

As at December 31, 2017, member-borrowers availing of the LRP reached to 856,437 with total loanable amount of P15.83 billion and condonable penalty of P13.46 billion.

The Educational Assistance Loan Program amounted to P47.6 billion consisting of the 50:50 SSS and NS shares, has been expended/extended as loans to member beneficiaries as at December 31, 2017. The loans for degree course shall be payable in 7 years to start the 8th year for semestral courses, 15 months for trimestral courses, or 14 months and 15 days for quarter term courses from the scheduled last release date or from the date of last release for those who will not avail of the subsequent release. For technical/ vocational courses, the loan shall be payable in three years to start 18 months for semestral courses from the scheduled last release date or from the date of last release for those who will not avail of the subsequent release. Interest income and penalty on overdue amortization as at December 31, 2017 and 2016 is P1012 million and P1001 million, respectively.

Executive Order No. 90 mandated NHMFC to be the major government home mortgage institution whose initial main function is to operate a viable home mortgage market, utilize long-term funds principally provided by the SSS, the Government Service Insurance System, and Home Development, to purchase mortgages originated by both the private and public institutions within the Unified Home Loan Program (UHLP) guidelines. In accordance with the mandates of EO 90, the SSC in its Resolution No. 504 dated August 4, 1988 approved the long-term funds to NHMFC for low-income SSS members. Total loan releases from 1988 to 1995 amounted to P30.079 billion with a total housing loan borrowers’ benefits of P135.225. In 1996, a substantial number of UHLP Portfolio borrowers defaulted in the payment of their loans to NHMFC, thereby causing NHMFC also to default in its payments to SSS. To address the deterioration of NHMFC’s financial position, a Memorandum of Agreement dated June 5, 1996 was executed by the parties. In December 17, 2003, the SSC under Resolution No. 684 approved the restructuring of NHMFC’s total obligations of P40.515 billion broken down into: Principal (Low, Mod & High Del) – P27.934 billion, Accrued Interest – P11.061 million and Penalty – P0.654 billion. Ongoing meetings are scheduled and collection letters have been sent to NHMFC, in fulfillment of the latter’s outstanding loan obligation. As of December 31, 2017, the outstanding principal balance is P10.25 billion.

Non-interest receivable includes those originated from Home Guaranty Corporation (HGC) guaranteed corporate notes and loan to NHMFC amounting to P102.44 million and P12.58 billion, respectively. The SSS approved SSS participation and invested in various HGC-secured Asset Participation Certificates (APC) from 1995 to 2000. However, the Asset Pools failed to service the regular interest due on the APCs. In view of this, the SSS decided to call on the guaranty of HGC from November 2000 to July 2001. HGC was unable to pay in full guarantee obligations and partially settled it through the issuance of debenture bonds and transfer of 19 lots through dacion en pago. From year 2005 to 2013 correspondences and meetings were sent and conducted between and among SSS, HGC, and DOF. In November 27, 2013, the SSC under Resolution No. 899 approved the filing of a petition for arbitration and adjudication with the Office of the Government Corporate Counsel (OGCC) and by December 23, 2015 SSS formally filed with the OGCC the Petition for Arbitration and Adjudication versus HGC. On August 20, 2016, SSS submitted a motion for early resolution of the case while on December 1, 2015, OGCC requested SSS to pay arbitration fee in the amount of P19.8 million (50 per cent share in P38.6 million total arbitration fees to be shared equally by SSS and HGC). SSS in its letter dated December 1, 2016 replied that payment of arbitration fee may not pass in audit per COA’s rules and regulations. As of December 31, 2017, settlement negotiations are ongoing.

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate (Per Annum)</td>
<td>0.10</td>
</tr>
</tbody>
</table>
 Movements during the year in accumulated impairment losses of non-current receivables are as follows:

<table>
<thead>
<tr>
<th>Balance, January 1</th>
<th>Additional Provision</th>
<th>Recovery/ Reversal</th>
<th>Balance, December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and receivable</td>
<td>23,509,002,255</td>
<td>2,196,385,816</td>
<td>269,359,089</td>
</tr>
<tr>
<td>Lease receivables</td>
<td>14,581,291</td>
<td>4,780,768</td>
<td>5,481,620</td>
</tr>
<tr>
<td>Other receivable</td>
<td>647,469,374</td>
<td>1,962,772</td>
<td>164,249,091</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>24,171,051,919</td>
<td>2,202,529,356</td>
<td>466,689,800</td>
</tr>
</tbody>
</table>


The net impairment provisions for 2017 and 2016 amounted to P9.20 billion and P4.43 billion, respectively, and were recognized in the books using the Guidelines for Identifying and Monitoring of Financial Assets and Setting-up of Allowance for Impairment Losses which was approved by the SSC under Resolution No. 181-s. 2014.

6. INVENTORIES

This account is composed of the following:

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office supplies inventory</td>
<td>121,705,364</td>
</tr>
<tr>
<td>Accountable forms inventory</td>
<td>51,486,804</td>
</tr>
<tr>
<td>Drugs and medicines</td>
<td>17,297,970</td>
</tr>
<tr>
<td>Medical, dental and laboratory supplies inventory</td>
<td>792,890</td>
</tr>
<tr>
<td>Advancements</td>
<td>191,276,524</td>
</tr>
</tbody>
</table>

Supplies and materials used or consumed as at December 31, 2017 and 2016 amounted to P229.51 million and P227.28 million, respectively (See Note 25).

7. NON-CURRENT ASSETS HELD FOR SALE

This account is composed of the following:

<table>
<thead>
<tr>
<th>Land</th>
<th>Building</th>
<th>Development</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount, January 1, 2017</td>
<td>3,718,786,302</td>
<td>134,697,603</td>
<td>4,853,483,907</td>
</tr>
<tr>
<td>Accumulated impairment loss</td>
<td>(5,695,264)</td>
<td>(3,344,104)</td>
<td>(8,039,368)</td>
</tr>
<tr>
<td>Net carrying amount, January 1, 2017</td>
<td>3,706,091,038</td>
<td>131,353,500</td>
<td>4,845,444,539</td>
</tr>
<tr>
<td>Adjustments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers from Investment property</td>
<td>1,040,140,586</td>
<td>-</td>
<td>1,040,140,586</td>
</tr>
<tr>
<td>Disposals</td>
<td>(46,474,821)</td>
<td>(34,779,563)</td>
<td>(81,254,384)</td>
</tr>
<tr>
<td>Impairment (loss)/recovery</td>
<td>3,524,762</td>
<td>(31,510,421)</td>
<td>(28,985,659)</td>
</tr>
<tr>
<td>Fair value, December 31, 2017</td>
<td>4,703,473,581</td>
<td>879,724,335</td>
<td>5,583,197,916</td>
</tr>
</tbody>
</table>

The fair value of non-current asset held for sale (NCAHFS) is measured based on the assessment of internal/external expert, non-recurring and is Level 3 based on the level of fair value hierarchy due to unobservable inputs. It is measured at the lower of carrying amount and fair value less cost to sell. As at December 31, 2017, the impairment loss of P45.50 million and recoveries/reversals of impairment of P8.06 million are recognized in profit or loss (See Note 27).

The net impairment provisions for 2017 and 2016 amounted to P2.20 billion and P4.43 billion, respectively, and were recognized in the books using the Guidelines for Identifying and Monitoring of Financial Assets and Setting-up of Allowance for Impairment Losses which was approved by the SSC under Resolution No. 181-s. 2014.

8. OTHER CURRENT ASSETS

This account is composed of the following:

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances</td>
<td>1,509,284</td>
</tr>
<tr>
<td>Prepayments</td>
<td>10,732,857</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,272,251</td>
</tr>
</tbody>
</table>

Advances account consist of advances to Special Disbursing Officer and Officers and Employees.

9. INVESTMENT PROPERTY

This account is composed of the following:

<table>
<thead>
<tr>
<th>Land</th>
<th>Building</th>
<th>Development</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value, January 1, 2017</td>
<td>18,709,173,718</td>
<td>3,587,362,946</td>
<td>22,296,536,664</td>
</tr>
<tr>
<td>Transfers to NCAHFS</td>
<td>(1,040,140,586)</td>
<td>(624,660,826)</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(65,739,390)</td>
<td>-</td>
</tr>
<tr>
<td>Fair value gain (loss)</td>
<td>7,383,776,189</td>
<td>2,244,734,571</td>
<td>-</td>
</tr>
<tr>
<td>Fair value, December 31, 2017</td>
<td>25,340,644,321</td>
<td>5,541,918,000</td>
<td>30,882,262,321</td>
</tr>
<tr>
<td>Fair value, December 31, 2016</td>
<td>18,597,108,718</td>
<td>3,987,563,845</td>
<td>22,584,672,563</td>
</tr>
</tbody>
</table>

The fair value gain on the land and building recognized as of December 31, 2017 and 2016 is P9.63 billion and P3.68 billion, respectively.

The fair value of investment property is determined based on the Cost and Market Approach methods performed by independent appraisers, non-recurring and is Level 3 based on the level of fair value hierarchy due to unobservable inputs. Market values were based on the evidence of reliable transactions like recent land sales and sales offerings of comparable properties within the vicinity and the application of land capitalization rate. Data gathered from interviews with brokers and other real estate practitioners who are conversant with the property market were also used as bases. Adjustment factors were likewise considered such as the date of appraisal, size, location, corner/road influence, and conditions of sale.

The fair value gain on the land and building recognized as of December 31, 2017 and 2016 is P9.63 billion and P3.68 billion, respectively. The proceeds arising from the sale of investment properties is subject to the restriction provided under Sections 25 and 26 of the SS Law which states that three per cent of other revenues shall be used for administrative and operational expenses. The cumulative change in fair value of sold investment properties is as follows:

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain (loss) on fair value adjustment</td>
<td>9,628,530,760</td>
</tr>
<tr>
<td>Rental income</td>
<td>458,964,849</td>
</tr>
<tr>
<td>Gain (loss) on sale/disposal</td>
<td>10,492,059</td>
</tr>
<tr>
<td>Penalty on rentals</td>
<td>1,056,753</td>
</tr>
<tr>
<td>Direct operating expenses</td>
<td>(137,651,242)</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>(184,117)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,561,338,756</td>
</tr>
</tbody>
</table>

The proceeds arising from the sale of investment properties is subject to the restriction provided under Sections 25 and 26 of the SS Law which states that three per cent of other revenues shall be used for administrative and operational expenses. All revenues that are not needed to meet the current administrative and operational expenses shall be accumulated in the Investment Reserve Fund.

Direct operating expenses incurred for income generating investment properties as of December 31, 2017 and 2016 is P17.99 million and P66.53 million, respectively. The cumulative change in fair value of sold investment properties if the cost model is used is as follows:

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain (loss) on fair value adjustment</td>
<td>9,628,530,760</td>
</tr>
<tr>
<td>Rental income</td>
<td>458,964,849</td>
</tr>
<tr>
<td>Gain (loss) on sale/disposal</td>
<td>10,492,059</td>
</tr>
<tr>
<td>Penalty on rentals</td>
<td>1,056,753</td>
</tr>
<tr>
<td>Direct operating expenses</td>
<td>(137,651,242)</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>(184,117)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,561,338,756</td>
</tr>
</tbody>
</table>

As of December 31, 2017, 15 units from the three investment properties were sold, 12 properties were reclassified to NCAHFS which are held for sale if its carrying amount will be recovered over the useful life of the property or structure is first established in accordance with the prevailing market prices of construction materials, labor, contractors’ overhead, profits and fees. Adjustments are then made to reflect depreciation resulting from physical deterioration and obsolescence.

NCAHFS are real and other properties acquired (ROPA) which are held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. As of December 31, 2017, SSS has sold 379 properties through cash and installment basis and transferred gain on sale amounting P254.26 million and transferred one ROPA to IP and twelve properties reclassified from IP with total book value of P11.66 billion.

ROPA can be leased out momentarily while waiting for its sale to maximize its potential income. Rental income recorded as of December 31, 2017 and 2016 amounted to P98.98 million and P80.75 million, respectively.
10. PROPERTY AND EQUIPMENT – NET

This account is composed of the following:

<table>
<thead>
<tr>
<th>Land</th>
<th>Improvement</th>
<th>Buildings and building improvements</th>
<th>Furniture and equipment, transportation equipment, computer hardware and other</th>
<th>Construction in progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,317,260,000</td>
<td>10,752,661</td>
<td>3,317,135,270</td>
<td>2,675,393,026</td>
<td>2,366,099</td>
<td>9,678,762,366</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>336,450,061</td>
<td>25,978,014</td>
<td>262,428,075</td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>46,903,583</td>
<td>-</td>
<td>46,903,583</td>
<td></td>
</tr>
<tr>
<td>Retirement/disposals/cancellation</td>
<td>-</td>
<td>(52,938,066)</td>
<td>(123,431,296)</td>
<td>-</td>
<td>(176,369,362)</td>
</tr>
<tr>
<td>Accumulated impairment loss</td>
<td>-</td>
<td>948,351</td>
<td>138,573,067</td>
<td>-</td>
<td>139,521,418</td>
</tr>
</tbody>
</table>

11. INTANGIBLE ASSETS – NET

This account is composed of the following:

<table>
<thead>
<tr>
<th>Cost</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, January 1</td>
<td>718,833,852</td>
<td>593,431,886</td>
</tr>
<tr>
<td>Additions</td>
<td>14,382,445</td>
<td>135,777,320</td>
</tr>
<tr>
<td>Retirement/disposals/cancellation</td>
<td>(24,749)</td>
<td>(10,326,654)</td>
</tr>
<tr>
<td>Balance, December 31</td>
<td>733,191,548</td>
<td>718,833,852</td>
</tr>
</tbody>
</table>

Accumulated amortization

| Amortization charge for the period | 405,752,983 | 376,330,764 |
| Retirement/disposals/cancellation | (24,749) | (10,326,654) |
| Balance, December 31 | 405,752,983 | 405,752,983 |

Accumulated impairment loss

| Balance, January 1 | 75,828,227 | 75,828,227 |
| Impairment for the period | - | - |
| Retirement/disposals/cancellation | - | - |
| Balance, December 31 | 75,828,227 | 75,828,227 |

Net book value, December 31 | 203,095,350 | 237,525,645 |

Intangible assets with indefinite life only include computer software. The carrying amount as at December 31, 2017 and 2016 is P60.70 million. All intangible assets with definite lives are amortized with the period of five years or twenty per cent annual amortization rate.

12. OTHER NON-CURRENT ASSETS

This account is composed of the following:

<table>
<thead>
<tr>
<th>Cost</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>78,713,545</td>
<td>73,669,070</td>
</tr>
<tr>
<td>Other assets</td>
<td>269,309,013</td>
<td>262,459,572</td>
</tr>
<tr>
<td>Accumulated impairment, other assets</td>
<td>(444,669)</td>
<td>(444,669)</td>
</tr>
<tr>
<td>Net value, other assets</td>
<td>269,065,198</td>
<td>262,014,903</td>
</tr>
<tr>
<td>Total</td>
<td>347,746,743</td>
<td>335,689,579</td>
</tr>
</tbody>
</table>

Other assets consist of fire insurance premium (FIP) and mortgage redemption insurance (MRI) advanced by SSS for properties mortgaged to the SSS. During the year 2017, additional provision of impairment loss amounted to P59,550 while the recovery/reversal recognized was P229,924.

13. FINANCIAL LIABILITIES

This account is composed of the following:

<table>
<thead>
<tr>
<th>Cost</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current financial liabilities</td>
<td>8,115,078,824</td>
<td>7,384,006,723</td>
</tr>
<tr>
<td>Non-current financial liabilities</td>
<td>51,179,492</td>
<td>59,657,304</td>
</tr>
<tr>
<td>Total</td>
<td>8,166,258,316</td>
<td>7,983,664,027</td>
</tr>
</tbody>
</table>

Current liabilities comprise of SSS’s obligations to members, suppliers and other creditors. Accounts payable and accrued expenses as at December 31, 2017 amounted to P58.22 billion and P53.30 billion, respectively. The non-current portion represents rent payables for lease contracts entered by the SSS for the use of its various branches.

14. INTER-AGENCY PAYABLES

This account is composed of the following:

<table>
<thead>
<tr>
<th>Due to BIR</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>89,500,457</td>
<td>89,500,457</td>
<td></td>
</tr>
<tr>
<td>Due to DOSS</td>
<td>72,878,772</td>
<td>67,460,704</td>
</tr>
<tr>
<td>Due to Philhealth</td>
<td>5,631,792</td>
<td>5,143,210</td>
</tr>
<tr>
<td>Due to SSS</td>
<td>5,036,839</td>
<td>5,293,622</td>
</tr>
<tr>
<td>Due to Pag-IBIG</td>
<td>4,706,839</td>
<td>4,673,449</td>
</tr>
<tr>
<td>Due to LGUs</td>
<td>188,074</td>
<td>188,028</td>
</tr>
<tr>
<td>Total</td>
<td>178,002,873</td>
<td>177,209,690</td>
</tr>
</tbody>
</table>
This account includes withholding taxes, contributions to GSIS, PHIC, HDMF and loan amortization due to SSS which were deducted from the payroll of SSS employees.

15. TRUST LIABILITIES

This account is composed of the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust liabilities</td>
<td>2,944,150,961</td>
<td>2,793,314,245</td>
</tr>
<tr>
<td>Guaranty/security deposits payable</td>
<td>628,465,408</td>
<td>203,176,716</td>
</tr>
<tr>
<td>Customers' deposits payable</td>
<td>132,120,922</td>
<td>122,944,328</td>
</tr>
<tr>
<td></td>
<td>4,694,737,321</td>
<td>3,129,535,389</td>
</tr>
</tbody>
</table>

Trust liabilities includes among others, funds held in trust from officials and employees deducted from their separation/retirement claims for the benefits received but subsequently disallowed in audit as at December 31, 2017 amounted to P223.59 million. This is done to assure collection once the pending appeal in court or COA will result to an unfavorable decision and disallowances become final and executory. However, in the event that the decision will be in favor of SSS and its employees, all withholdings will be returned.

Guaranty/security deposits payable is composed of bidder's deposits, performance or cash bonds and retention money from winning bidders in the procurement of goods and services, infrastructure and consultancy services.

Customers' deposits payable are rental deposits made by tenants of SSS properties.

16. DEFERRED CREDITS/UNEARNED INCOME

This account is composed of the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current unearned income</td>
<td>122,309,497</td>
<td>28,113,117</td>
</tr>
<tr>
<td>Non-current unearned income</td>
<td>409,613,518</td>
<td>416,461,187</td>
</tr>
<tr>
<td></td>
<td>531,923,015</td>
<td>442,574,304</td>
</tr>
</tbody>
</table>

The current unearned income represents advance rental payments from tenants of SSS properties and the non-current portion represents unrealized gains or losses from SSS participation in the Republic of the Philippines Domestic Debt Consolidation Program (Bond Exchange) 2011 and 2014, and Liability Management Program (Bond Exchange) 2015.

17. PROVISIONS

The accrued retirement benefits of employees as at December 31, 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leave benefits payable</td>
<td>727,284,711</td>
<td>870,551,608</td>
</tr>
<tr>
<td>Retirement gratuity payable</td>
<td>641,074,473</td>
<td>641,074,474</td>
</tr>
<tr>
<td>Other provisions</td>
<td>97,657,622</td>
<td>95,379,149</td>
</tr>
<tr>
<td></td>
<td>1,466,425,806</td>
<td>1,607,955,231</td>
</tr>
</tbody>
</table>

Leaves benefits payable represent the cash value of the accumulated vacation and sick leave credits of employees, 50 per cent of which can be monetized once a year and the balance payable upon resignation/retirement. As of December 31, 2017, there were 2,571 employees who availed of the monetization of leave credits with total amount of P108.37 million.

Retirement gratuity payable available to qualified employees under any one of RA No. 1616, RA No. 660 and RA No. 8291. Under RA No. 1616, SSS, as the last employer of the qualified employees, pays the gratuity benefit of those who opt to retire under the said law. Benefits under RA No. 660 and RA No. 8291 are payable under GSIS. Thus, the liability only pertains to RA No. 1616.

Other Provisions pertain to Retirement Incentive Award (RIA) given to employees with at least 20 years of creditable service and are entitled to P2,000 for every year of service upon retirement. As of December 31, 2017, 72 employees were given RIA in the total amount of P49.30 million.

18. OTHER PAYABLES

This account is composed of the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current other payables</td>
<td>1,743,958,037</td>
<td>1,692,514,603</td>
</tr>
<tr>
<td>Non-current other payables</td>
<td>50,000,000</td>
<td>50,000,000</td>
</tr>
<tr>
<td></td>
<td>1,793,958,037</td>
<td>1,742,514,603</td>
</tr>
</tbody>
</table>

The current portion of Other Payables account represent the undistributed collections on loan amortizations and contributions that have not yet been posted to individual members or borrowers and other accounts pending receipt of collecting agencies' employers documents and actual distribution of collections and payments whose nature are not indicated by payors. Hence, undistributed collection accounts always carry respective balances at the end of any given period. This is composed of the following:

- Member (ML) collection
- Undistributed collection
- OFW collections
- Sales contract receivable
- Real estate loans collection
- Employees' housing loan program

On member loans collection, the SSS has undertaken various efforts to address the posting issues and expedited the reconciliation process through (1) enhancing computer programs and systems, (2) continuing sending of Lists of Collection Reports to branches and (3) regular clean-up of unpostables and unregistrations. These undertakings resulted to decrease in unposted/undistributed repayments.

On the other hand, the modules in the electronic Loan Management System (e-LMS) will aid in the management of the undistributed collections on member loans. Billing and collection module will hasten posting of payments and minimize unpostables through simplified process in the issuance of billing and receipt of collection list. Loan Record Management module will facilitate availability of reports on employers payments without collection list and with collection list but underpaid. The posting of loan payments under the Payment Management module will be based only from Cash Collection System without manual encoding of loan payments.

19. RESERVES

The SSS Reserves is composed of the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve fund</td>
<td>496,595,968,020</td>
<td>476,662,642,952</td>
</tr>
<tr>
<td>Revaluation surplus</td>
<td>2,879,088,355</td>
<td>2,879,088,355</td>
</tr>
<tr>
<td>Membership equity</td>
<td>773,934,173</td>
<td>628,465,525</td>
</tr>
<tr>
<td>Cumulative changes in fair value</td>
<td>(16,151,949,950)</td>
<td>(15,650,037,897)</td>
</tr>
<tr>
<td></td>
<td>492,087,440,598</td>
<td>464,405,186,095</td>
</tr>
</tbody>
</table>

19.1 Investment reserve fund (IRF)

All revenues of SSS that are not needed to meet the current administrative and operational expenses are accumulated in the reserve fund. Such portion of the reserve fund as are not needed to meet the current benefit obligations is known as the IRF which the SSS manages and invests with the skill, care, prudence and diligence necessary under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would exercise in the conduct of an enterprise of a like character and with similar aims, subject to prescribed ceilings under Section 26 of the SS Law.

No portion of the IRF or income therefrom shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or controlled corporations, except as may be allowed under the SS Law. It also provides that no portion of the IRF shall be invested for any purpose or in any instrument, institution or industry over and above the prescribed cumulative ceilings as follows: 40 per cent in private securities, 35 per cent in housing, 30 per cent in real estate related investments, 30 per cent in short and medium-term member loans, 30 per cent in government financial institutions and corporations, 30 per cent in infrastructure projects, 15 per cent in any particular industry and 7.5 per cent in foreign-currency denominated investments.

In its Resolution No. 402-s. 2007 dated September 5, 2007, the SSC adopted the use of acquisition cost as the basis in computing the 30 per cent exposure limit for shares of stocks in equity investments based on the opinion of the Legal and Adjudication Sector of COA dated June 25, 2007.
The SS Law requires the Actuary of the System to submit a valuation report every four years, or more frequently as may be necessary, to determine the actuarial soundness of the reserve fund of the SSS and to recommend measures on how to improve its viability.

The Reserve Fund is affected by (a) changes in demographic factors (such as increased life expectancy, aging of population, declining fertility level and delay in retirement) and (b) the economic conditions of the country. Economic factors on which assumptions are made include interest rates, inflation rates and salary wage increases. With these and other assumptions, and taking into account the uncertainty of future events, the life of the fund is projected.

In the 1999 Actuarial Valuation, the Social Security Fund (SSF) was projected to last only until 2015. Given such projections, the SSS, implemented measures (e.g. increases in the contribution rate from 8.4 per cent to 9.4 per cent in March 2003, increase in the maximum salary base for contributions from P12,000 to P16,000 and the redefinition of credited years of service) and operational developments (e.g. tracking system, more accounts officers, cost saving measures, improved investment portfolio and management, etc.) to strengthen the SSF.

The System's concerted efforts have resulted in improved actuarial soundness. Results of the 2003 Actuarial Valuation indicate an extension on the life of the fund by sixteen years, from 2015 to 2031.

In January 2007, the contribution rate was increased to 10.4 per cent. On the other hand, two sets of 10 per cent across-the-board increases were given in September 2006 and in August 2007. The effects of these developments were reflected in the 2007 Actuarial Valuation, which showed that the actuarial life will last until 2039.

The SSF life extended further to 2043 when the result of the 2011 Actuarial Valuation was published in 2014, which considered the Reform Agenda items implemented on January 1, 2014, particularly the increase in contribution rate to 11 per cent, and the increase in Monthly Salary Credit (MSC) ceiling to P16,000. The 2011 Actuarial Valuation was then updated to consider the 5 per cent across-the-board pension increase implemented in June 2014. This update showed a reduction of the fund life by one year to 2042.

The results of the 2015 Actuarial Valuation showed that the SSF was projected to last until 2042, similar to the projection of the updated 2011 Actuarial Valuation. The 2015 Actuarial Valuation was then updated to consider the P1,000 additional pension allowance implemented in January 2017. This update showed a reduction of the fund life by ten years to 2032.

The summary of results of the updated 2011 Valuation, as well as the previous 2015 Actuarial Valuation results, are presented in the table below. There are two columns under the 2015 Valuation: (1) the original results as published in the 2007 Actuarial Valuation report; and (2) the updated results that take into consideration the P1,000 additional pension allowance.

### Actuarial Valuation
#### Comparison of Key Projection Results

<table>
<thead>
<tr>
<th>Key Projection Results</th>
<th>2011 Valuation</th>
<th>2015 Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No future across-the-board increase in pensions</td>
<td>Year fund will last until 2042</td>
<td>Year fund will last until 2042</td>
</tr>
<tr>
<td><strong>Updated results (1)</strong></td>
<td>2042</td>
<td>2042</td>
</tr>
<tr>
<td><strong>Updated results (2)</strong></td>
<td>2034</td>
<td>2034</td>
</tr>
</tbody>
</table>

**Notes:**
- **Original** refers to the results as published in the 2007 Actuarial Valuation Report.
- **Updated** includes the effect of the P1,000 additional pension allowance effective January 2017.

#### Comparison of Unfunded Liability

<table>
<thead>
<tr>
<th>Scenario</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, January 1</td>
<td>(15,650,037,897)</td>
<td>(12,648,278,320)</td>
</tr>
<tr>
<td>Net gain (loss) on revaluation of AFS financial assets</td>
<td>7,063,808,305</td>
<td>(2,820,600,913)</td>
</tr>
<tr>
<td>Cumulative gain (loss) reclassified to profit or loss on sale/disposal of AFS financial assets</td>
<td>(175,200,358)</td>
<td>(181,166,664)</td>
</tr>
<tr>
<td>Balance, December 31</td>
<td>(8,164,949,560)</td>
<td>(10,683,837,807)</td>
</tr>
</tbody>
</table>

The cumulative changes in fair value represents the investments revaluation reserves arising on the revaluation of the AFS financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.
20. SERVICE AND BUSINESS INCOME

This account is composed of the following:

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ contribution</td>
<td>158,359,431</td>
<td>143,327,690</td>
</tr>
<tr>
<td>Interest income</td>
<td>20,585,521</td>
<td>19,180,048</td>
</tr>
<tr>
<td>Dividend income</td>
<td>3,387,198</td>
<td>3,400,486</td>
</tr>
<tr>
<td>Fines and penalties- business income</td>
<td>2,682,336</td>
<td>2,390,734</td>
</tr>
<tr>
<td>Rent/lease income-income investment property</td>
<td>458,964,849</td>
<td>543,136,606</td>
</tr>
<tr>
<td>Income from acquired/foreclosed assets</td>
<td>89,070,944</td>
<td>83,144,743</td>
</tr>
<tr>
<td>Management fees</td>
<td>6,014,775</td>
<td>5,176,986</td>
</tr>
<tr>
<td>Other business income</td>
<td>459,597,986</td>
<td>421,976,778</td>
</tr>
<tr>
<td><strong>Total other business income</strong></td>
<td><strong>185,928,857</strong></td>
<td><strong>169,453,408</strong></td>
</tr>
</tbody>
</table>

Members’ contributions collections from employed sector registered the biggest amount of collection at P337.32 billion, followed by voluntary paying members at P15.07 billion and self-employed at P7.02 billion. The number of paying members as of December 31, 2017 and 2016 reached to 15,077,327 and 14,165,247, respectively.

Interest income is derived from the following SSS investments:

<table>
<thead>
<tr>
<th>Investment in bonds-local</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAFVTPL</td>
<td>13,032,997</td>
<td>12,459,320</td>
</tr>
<tr>
<td>HTM</td>
<td>177,505,533</td>
<td>61,922,963</td>
</tr>
<tr>
<td><strong>Total investment in bonds-local</strong></td>
<td><strong>13,210,503</strong></td>
<td><strong>12,521,243</strong></td>
</tr>
</tbody>
</table>

21. NON-OPERATING INCOME/GAIN

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gains</strong></td>
<td><strong>9,628,530</strong></td>
<td><strong>3,697,660</strong></td>
</tr>
<tr>
<td>Gain from changes in fair value of investment property</td>
<td>9,628,530</td>
<td>3,697,660</td>
</tr>
<tr>
<td>Gain on salihoodemption/transfer of investment</td>
<td>5,341,245</td>
<td>5,477,835</td>
</tr>
<tr>
<td>Gain from changes in fair value of financial instruments</td>
<td>643,997,387</td>
<td>9,237</td>
</tr>
<tr>
<td>Gain on sale of investment property</td>
<td>10,492,053</td>
<td>6,173,250</td>
</tr>
<tr>
<td>Gain on foreign exchange (FOREX)</td>
<td>229,504</td>
<td>326,496</td>
</tr>
<tr>
<td>Gain on sale of property and equipment</td>
<td>369,122</td>
<td>626,913</td>
</tr>
<tr>
<td><strong>Total gains</strong></td>
<td><strong>15,527,323</strong></td>
<td><strong>9,262,381</strong></td>
</tr>
</tbody>
</table>

22. OTHER NON-OPERATING INCOME

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other non-operating income</strong></td>
<td><strong>833,984,177</strong></td>
<td><strong>459,310,999</strong></td>
</tr>
<tr>
<td>Reversal of impairment loss</td>
<td>464,308,953</td>
<td>39,202,000</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>369,677,214</td>
<td>350,330,502</td>
</tr>
<tr>
<td><strong>Total other non-operating income</strong></td>
<td><strong>833,984,177</strong></td>
<td><strong>459,310,999</strong></td>
</tr>
</tbody>
</table>

Investment properties are remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in arm’s length transaction. Gain or losses arising from changes in the fair value of the investment property must be included in net profit or loss for the period in which it arises. The fair value gain on investment properties as at December 31, 2017 is brought about by the continuous developments and economic growth of the country’s Central Business Districts and the rising demand for space in the areas where SSS properties are located.

The SSS considers certain financial assets to have recovered from impairment losses amounting to P464.43 million due to the enhanced loan collection efforts and the implementation of loan restructuring. Majority of the recoveries came from member loans and deficiency claim from Waterfront Phils. Inc. (WPI) of P287.56 million and P164.43 million, respectively.
26. FINANCIAL EXPENSES

This account is composed of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising, promotional and marketing expenses</td>
<td>96,596,137</td>
<td>106,313,864</td>
</tr>
<tr>
<td>Printing and publication expenses - ID card production</td>
<td>181,438,344</td>
<td>254,031,819</td>
</tr>
<tr>
<td>Printing and publication expenses - photocopying/offsets</td>
<td>36,150,787</td>
<td>27,816,268</td>
</tr>
<tr>
<td>Freight charges</td>
<td>19,722,703</td>
<td>19,946,095</td>
</tr>
<tr>
<td>Office space rentals</td>
<td>284,033,513</td>
<td>248,987,678</td>
</tr>
<tr>
<td>Membership dues and contributions to organizations</td>
<td>9,373,286</td>
<td>6,386,972</td>
</tr>
<tr>
<td>Subscription expenses</td>
<td>42,571,530</td>
<td>68,288,720</td>
</tr>
<tr>
<td>Donations</td>
<td>19,426,751</td>
<td>4,869,379</td>
</tr>
<tr>
<td>Directors and committee members’ fees</td>
<td>25,728,907</td>
<td>20,355,518</td>
</tr>
<tr>
<td>Fees and commission expenses - collection agency charges</td>
<td>81,920,851</td>
<td>54,148,335</td>
</tr>
<tr>
<td>Fees and commission expenses - data capture fee</td>
<td>154,417,664</td>
<td>136,039,641</td>
</tr>
<tr>
<td>Other maintenance and operating expenses</td>
<td>35,848,489</td>
<td>36,584,730</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>532,228,571</strong></td>
<td><strong>522,141,957</strong></td>
</tr>
</tbody>
</table>

Other financial charges represent interest-related expenses incurred in connection with managing the investment properties, broker’s commissions on trading financial assets and other depository maintenance and off-exchange trade fees.

27. NON-CASH EXPENSES

This account is composed of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank charges</td>
<td>3,344,243</td>
<td>8,390,068</td>
</tr>
<tr>
<td>Other financial charges</td>
<td>174,823,758</td>
<td>132,703,162</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>178,168,501</strong></td>
<td><strong>145,093,426</strong></td>
</tr>
</tbody>
</table>

In 2017, the SSS incurred a decline in the collection of some loans and receivables, decrease in value on non-current assets held for sale, and non-submission of collection documents from collecting banks/agents, hence carried out a review of its recoverable amount. This review led to the recognition of impairment loss of P2.24 billion, of which P2.20 billion is for loans and receivables, P45.50 million for non-current assets held for sale and P1.36 million for receivable-collecting banks/agents.

28. ASSISTANCE AND SUBSIDY

The Educational Assistance Loan Program is funded on a 50:50 basis from the National Government (NG) and SSS. The NG counterpart of P3.5 billion was released under SARO No. BMB-F-12-03235 dated December 14, 2012. The total cash allocations released to SSS from December 31, 2017 amounted to P2.64 billion, of which P2.38 billion has been released as loans to member beneficiaries, as follows:

<table>
<thead>
<tr>
<th>NCA No.</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMB-F-12-0023901</td>
<td>December 14, 2012</td>
<td>45,279,995</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45,279,995</strong></td>
<td><strong>45,279,995</strong></td>
</tr>
</tbody>
</table>

29. OPERATING LEASE COMMITMENTS

SSS as lessee

The SSS leases offices for its various branches under cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. SSS opened 3 new branches and 16 new service offices nationwide to provide a conducive member-centric environment and entered into a cancellable operating lease agreement with various property owners. Out of the 290 local branches, 132 branch/service/representative offices located in various locations nationwide are rent-free. As of December 31, 2017 and 2016, total lease payment recognized as expense amounted to P284.03 million and P248.99 million, respectively. The leases have varying terms, escalation clauses and renewal rights.

<table>
<thead>
<tr>
<th>Date of Lease</th>
<th>Lease Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>54,176,390</td>
</tr>
<tr>
<td>2016</td>
<td>54,067,070</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>108,243,460</strong></td>
</tr>
</tbody>
</table>

SSS as lessor

The SSS leases out portion of its office space to various tenants under cancellable operating lease agreements and the minimum lease rental amounts to at least P6,000 per month. As of December 31, 2017 and 2016, the minimum lease rental amounted to P284.03 million and P248.99 million, respectively.

<table>
<thead>
<tr>
<th>Date of Lease</th>
<th>Lease Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>54,176,390</td>
</tr>
<tr>
<td>2016</td>
<td>54,067,070</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>108,243,460</strong></td>
</tr>
</tbody>
</table>

30. RELATED PARTY DISCLOSURES

The total compensation and benefits of key management personnel which consists of short term benefits amounted to P37.92 million and P24.04 million as of December 31, 2017 and 2016, respectively. Key management compensation and benefits form part of the Personnel Services and Maintenance and Other Operating Expenses accounts (See Notes 24 and 25, respectively).

31. FINANCIAL RISK MANAGEMENT

The SSS and SSS management are active in the evaluation, scrutiny and credit approval process on all investments being undertaken by the SSS. The SSS has adopted adequate policies on investment procedures, risk assessment and measurement and risk monitoring by strict observance on the statutory limit provided under the SSS Law and compliance to the investment guidelines. Internal controls are also in place and comprehensive audit is being done by Internal Audit Services.
The SSS has identified four major risk groups affecting its operations: financial risk, insurance and demographic risk, strategic risk and operational risk. These risks should be properly managed to ensure sound operations in SSS. The SSS and SSS management review and agree on the policies for managing these risks, as summarized below.

### 3.1 Financial risk

This is the risk that results from unexpected changes in external markets, prices, rates and liquidity supply and demand.

a. **Market risk**

Market risk is the SSS exposure to potential loss due to unexpected changes in external markets, prices or rates related to general market movements or a specific asset on the balance sheet. This risk arises from (a) fluctuations in market prices of equities due to changes in demand and supply for the securities (Equity Risk), (b) volatility in the absolute level of interest rates (Interest Rate Risk), and (c) fluctuations in exchange rates due to changes in global and local economic conditions and political developments that affect the value of SSS’s foreign-denominated investments (Foreign Currency Risk).

SSS manages market risk by monitoring the daily changes in the market price of the investments. Also, the SSS Equities Portfolio is subject to Stop-Loss/Cut-Loss Program (Selling at a Loss) to limit SSS loss on a position in a security.

SSS strictly adheres to the provisions of Section 26 of the SSS Law which states that the funds invested in various corporate notes/bonds, loan exposures and other financial instruments shall earn an annual income not less than the average rates of treasury bills or any acceptable market yield indicator. Currently, the SSS has achieved a mix of financial investments with interest rates that are within acceptable level. Significant investments in said instruments have fixed interest rates while repricing rates of investments in corporate notes/bonds that carry floating interest rates are always based on acceptable yield (i.e. prevailing 3 months Philippine Dealing System Transaction-Fixing Rate plus a spread of not less than 0.50 per cent).

b. **Credit risk**

This refers to the risk of loss arising from SSS’ counterparty to perform contractual obligations in a timely manner. This includes risk due to (a) failure of a counterparty to make required payments on their obligations when due (Default Risk) and (b) default of a counterparty before any transfer of securities or funds or once final transfer of securities or funds has begun but not been completed (Settlement Risk).

SSS implements structured and standardized evaluation guidelines, credit ratings and approval processes. Investments undergo technical evaluation to determine their viability/acceptability. Due diligence process (i.e. credit analysis, evaluation of the financial performance of the issuer/borrower to determine financial capability to pay obligations when due, etc.) and information from third party (e.g. CIBI Information, Inc., banks and other institutions) are used to determine if counterparties are credit-worthy.

With respect to stockbrokers, the SSS has adopted the following mitigating measures:

- Evaluation of stockbrokers, at the minimum, is based on the stockholder’s (i) good standing in the Exchange, (ii) minimum capitalization, (iii) profitability, and (iv) positive track record of service; and
- Transactions of a stockholder must: (i) on a daily basis, not exceed a certain percentage of the stockbroker capitalization/stockholder’s equity; (ii) in terms of total transaction, not exceed a certain percentage of total SSS transaction except for negotiated block transaction, and (iii) within a year of accreditation, not exceed a certain percentage of its total market transactions to ensure that the stockbroker does not rely heavily on SSS for its business.

To avoid significant concentrations of exposures to specific industries or group of issuers and borrowers, SSS investments are regularly monitored to assure that these are always within the prescribed cumulative ceilings specified in Section 26 of the SSS Law. To further ensure compliance with Section 26 of SSS Law, Policies and Guidelines in Determining and Managing Exposure Limits to Debt and Equity were established.

The following table shows the latest aging analysis of some financial assets:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Neither past due nor impaired</td>
<td>3-12</td>
</tr>
<tr>
<td>FVPL</td>
<td>16,320</td>
<td>-</td>
</tr>
<tr>
<td>AFS financial assets</td>
<td>102,985</td>
<td>-</td>
</tr>
<tr>
<td>HTM investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate notes and bonds</td>
<td>31,199</td>
<td>-</td>
</tr>
<tr>
<td>Government notes and bonds</td>
<td>192,783</td>
<td>-</td>
</tr>
<tr>
<td>Loans and receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NMIFC</td>
<td>-</td>
<td>1,624</td>
</tr>
<tr>
<td>Commercial and industrial loans</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Program MADE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SSS implements structured and standardized evaluation guidelines, credit ratings and approval processes. Investments undergo technical evaluation to determine their viability/acceptability. Due diligence process (i.e. credit analysis, evaluation of the financial performance of the issuer/borrower to determine financial capability to pay obligations when due, etc.) and information from third party (e.g. CIBI Information, Inc., banks and other institutions) are used to determine if counterparties are credit-worthy.

The following table shows the latest aging analysis of some financial assets:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Neither past due nor impaired</td>
<td>3-12</td>
</tr>
<tr>
<td>FVPL</td>
<td>16,320</td>
<td>-</td>
</tr>
<tr>
<td>AFS financial assets</td>
<td>102,985</td>
<td>-</td>
</tr>
<tr>
<td>HTM investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate notes and bonds</td>
<td>31,199</td>
<td>-</td>
</tr>
<tr>
<td>Government notes and bonds</td>
<td>192,783</td>
<td>-</td>
</tr>
<tr>
<td>Loans and receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NMIFC</td>
<td>-</td>
<td>1,624</td>
</tr>
<tr>
<td>Commercial and industrial loans</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Program MADE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

c. **Liquidity risk**

This refers to the risk of loss, though solvent, due to insufficient financial resources to cover for liabilities as they fall due. It also involves the risk of excessive costs in securing such resources. This risk also refers to (a) unanticipated changes in liquidity supply and demand that may affect the organization through untimely sale of assets, inability to meet contractual obligations or default (Funding Liquidity Risk) and (b) asset liquidity or the risk of loss arising from inability to realize the value of assets, without significant reduction in price, due to bad market conditions (Market Liquidity Risk).

SSS manages this risk through daily monitoring of cash flows in consideration of future payment due dates and daily collection amounts. The SSS also maintains sufficient portfolio of highly marketable assets that can easily be liquidated as protection against unforeseen interruption to cash flow.

To manage this risk in SSS equity investments, liquidity requirements are included in SSS’ Stock Accreditation Guidelines.

### 3.2 Insurance and demographic risk

This refers to the risk of loss arising from variation in pension fund claim experience and exposure to adverse persistency, and uncertainty in demographic assumptions when pension and other benefits were designed and valued.

a. **Longevity risk**

This is the loss of fund due to higher than expected payout ratio as a result of changes in life expectancy trends among pensioners.
b. Mortality risk
This risk is due to changes in actual mortality rates that adversely differ from assumptions.

c. Morbidity risk
This risk is due to deviations of actual disability and illness rates from what is expected or assumed.

d. Claims inflation risk
This risk is due to increase in the total amount of claims over time.
SSS manages these risks through regular conduct of studies and monitoring of experience.

31.3 Strategic risk
This is the risk arising from unanticipated changes in key elements of strategy formulation and/or execution leading to actual strategic outcomes that adversely differ from expectations.

a. Governance risk
This risk arises from governance not functioning as expected.

b. Political risk
This is the risk of loss in investment returns due to political changes or instability.

c. Strategic relationship risk
This risk is due to unanticipated changes in strategic relationships such as joint ventures/partnerships.

d. External relations risk
This risk is due to unanticipated changes in relationship with external stakeholders such as the public, media, regulators, rating agencies and politicians.

e. Legislative/Regulatory risk
This risk is due to changes in laws/government regulations.

f. Economic risk
This risk arises from unanticipated changes in the economy such as changes in consumer disposable income affecting ability to pay contributions or loan balances.
SSS manages these risks by creating harmonious relationship with various stakeholders, monitoring new and pending bills, and conducting regular economic researches and studies used in crafting appropriate policies beneficial to the organization and its members.

e. Legislative/Regulatory risk
This risk is due to changes in laws/government regulations.

f. Economic risk
This risk arises from unanticipated changes in the economy such as changes in consumer disposable income affecting ability to pay contributions or loan balances.
SSS manages these risks by creating harmonious relationship with various stakeholders, monitoring new and pending bills, and conducting regular economic researches and studies used in crafting appropriate policies beneficial to the organization and its members.

31.4 Operational risk
Operational risk is the exposure to potential loss, whether direct or indirect, due to ineffective and inefficient internal processes, human resource failures, system failures or external events.

a. Internal fraud
The losses are due to acts of a type intended to defraud, misappropriate property or circumvent regulations; the law or company policy, excluding diversity/discrimination events, which involve at least one internal party.

b. External fraud
The losses due to acts of a type intended to defraud, misappropriate property or circumvent law, by a third party.

c. Employment practices and workplace safety
The losses arise from acts inconsistent with employment, health or safety laws or agreements, from payments of personal injury claims, or from diversity/discrimination events.

d. Clients, products and business practices
The losses arise from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements) or from the nature or design of a product.

e. Damage to physical assets
The losses arise from loss or damage to physical assets from natural disasters or other events.

f. Business disruption and system failures
The losses arise from disruption of business or system failures.

g. Execution, delivery and processes management
The losses are from failed transaction processing or process management, from relations with trade counterparties and vendors.
SSS manages risks related to human resources failures by promoting high standards in hiring competent and knowledgeable personnel to uphold utmost professionalism in the workplace. Compensation program and rewards system are enhanced to attract and retain qualified personnel.
SSS manages risks related to inadequate processes by studying all existing policies, procedures and programs, and by developing new ones for applicable improvement and enhancement. Policies are reviewed periodically to reflect changes in SSS’ thrust and SSS’s risk appetite.
SSS manages risks related to system failures by improving and enhancing IT systems. Impact of external events is managed by implementing several measures to prepare and protect itself and its properties against some natural calamities.

As at December 31, 2016 financial year, the Risk Management Department is working on defining the proposed Financial Risk Metrics. The metrics will be submitted to the PCBO for endorsement to the SSC for approval. Once approved, such metrics will be incorporated in the notes.

32. EVENTS AFTER REPORTING PERIOD

Starting January 16, 2018, the SSS implements the Enhanced Contributions Collection Process that mandates the use of Payment Reference Number (PRN) and the Real-Time Processing of Contributions (RTFC) in all payment channels through the electronic Collection System (e-CS). Employers (ERs) and individual members are required to register/enroll in My.SSS at the SSS website and use the PRN in the payment of contribution.

The e-CS includes generation of the electronic Contribution Collection List (e-CL) for the ERs and Statement of Account (SOA) for the individual members, facility to enable payors to review/edit the e-CL/SOA, automatic generation of corresponding PRN upon confirmation of the e-CL/SOA and sending of electronic notifications and reminders. This will enable real-time processing and posting of payments and contribution details in the members’ account and allow faster and more accurate processing of members’ benefit claims and loan proceeds.

The SSS in its Resolution No. 94-l-2018 dated January 30, 2018 approved the recommendation to provide assistance for SSS members/pensioners affected by Mayon Volcano Phreatic Eruption. The assistance will cover the following: (a) Calamity Loan Assistance Program, (b) three-month advance pension for SS and EC pensioners, and (c) reduction of interest rates for Direct House Repair and Improvement Loan.

Section 86 (q) of RA No. 10963 otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) repealed SSS exemption on Value Added Tax (VAT) effective January 01, 2018. SSS shall apply Section 33 of the said RA amending Section 106 of the NIRC which states that: “There shall be levied, assessed and collected, a value-added tax equivalent to twelve percent (12%) of gross receipts derived from the sale or exchange of services, including the use of lease properties.”

33. OTHER MATTERS

33.1 Commitments
Amount authorized but not yet disbursed for capital expenditures as at December 31, 2017 is approximately P120 billion.
34. COMPLIANCE WITH TAX LAWS

Presented under the following table is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under the Revenue Regulations No. 16-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The SSS is withholding and remitting to the BIR applicable taxes withheld imposed under the National Internal Revenue Code and its implementing rules and regulations. Income taxes withheld on compensation and expanded withholding tax are remitted on or before 15th day of the following month except those withheld for the month December which are remitted on or before 20th day of January of the following year. Value added taxes and final income taxes withheld are remitted on or before 10th day of the following month.

<table>
<thead>
<tr>
<th>Amount</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes paid during CY 2017</td>
<td></td>
</tr>
<tr>
<td>On compensation</td>
<td>598,383,985</td>
</tr>
<tr>
<td>Expanded</td>
<td>78,931,977</td>
</tr>
<tr>
<td>VAT and other percentages</td>
<td>109,659,268</td>
</tr>
<tr>
<td>Tax</td>
<td>15,873</td>
</tr>
<tr>
<td>Taxes withheld (to be paid in CY 2018)</td>
<td></td>
</tr>
<tr>
<td>On compensation</td>
<td>23,405,292</td>
</tr>
<tr>
<td>Expanded</td>
<td>6,343,695</td>
</tr>
<tr>
<td>VAT and other percentages</td>
<td>11,017,235</td>
</tr>
<tr>
<td>Total</td>
<td>347,702,815</td>
</tr>
</tbody>
</table>

The SSS is exempted from all kinds of taxes pursuant to Sec. 16 of RA No. 8282 which states that “All laws to the contrary notwithstanding, the SSS and all its assets and properties, all contributions collected and all accruals thereon and income or investment earnings therefrom, as well as all supplies, equipment, papers or documents shall be exempt from any tax assessment, fee, charge, or customs or import duty; all and every contributions, fees or charges and shall not be liable to attachments, garnishments, levy or secure by or under any legal or equitable process whatsoever, either before or after receipt by the person or persons entitled thereto, except to pay any debt of the member to the SSS. No tax measure of whatever nature enacted shall apply to the SSS, unless it expressly revokes the declared policy of the State in Section 2 hereof granting Tax-exemption to the SSS. Any tax assessment imposed against the SSS shall be null and void.”

Internal Auditor’s Report

Internal Audit Service is one of the pillars of governance in any organization whether in the public or private sector. The Internal Audit Service Group (IASG) of SSS is fully aware of this and its role as a partner of management in ensuring that the internal control system in the various systems and processes of SSS are in place and effective and its business operation is compliant with existing laws, rules and regulations and established management policies, as it pursues its legal mandate and achieves its performance targets. Thus, IASS exerts more efforts and allocates more time in carefully planning the audit projects that will be undertaken every year.

For calendar year 2017, IASSI pursued audit projects that support corporate strategic objectives in two areas: Financial and Internal Process. in order to assist management to 1) Effectively Manage the Institution; 3) Improve Customer Satisfaction; and 4) Expand the GMS Scope for ISO Certification. Fifteen (15) projects were contracted and delivered before the year ended. In addition, there were three (3) special audits, as well as Management Review of 12 procurement projects prior to awarding of contracts and 32 Bidding documents for publication.

The result of the audit was comprehensively discussed with management/auditees and remedial measures were suggested by IASS and duly noted by auditees with a commitment to implement the recommendations within their sphere of authority and responsibility.

Hereunder are the most significant and relevant observations:

1) Branch Tailing is still the way to go in order to facilitate collection of contributions and loan remittances from members as the latter find it more convenient to pay in SSS branch offices with tailering facilities. However, management needs to invest more in ensuring the security of money, property and people. Hence, logistical support in terms of tv cameras, alarm systems and vaults, among others, coupled with full compliance to regulations, should be prioritized in order to assure members that their hard-earned money is safe with SSS.

2) Investment as another legal mandate of SSS should be taken seriously, particularly by units and officials whose functions require them to manage the properties of the institution for investment purposes, considering that proceeds from investment form part of the fund being used to pay the benefits of members, especially long-term benefits, as well as for operating expenses in the event that collected contributions are not sufficient. Moreover, the Social Security Law requires that the fund of the institution be managed with skill, care and prudence.

3) Employer and employee’s social security contribution is the sustaining life blood of the SSS. The lack of it will certainly drive SSS to bankruptcy. Hence, programs that improve coverage of paying members and the timely remittance of members’ contributions should be supported, and all systems, processes and policies geared towards these objectives must be implemented sans hesitation by all concerned, under pain of penalty for failure to comply. The IASSI strongly recommends that the Compliance Officer be the point person to monitor full compliance and to recommend sanctions for non-compliance.

4) Service delivery is another important area of concern for SSS considering that it provides service to 36 million members. More often than not, it ranks number one among the government agencies with the most number of complaints according to the data of the Civil Service Commission. IASSI believes that it is expected from an organization with a very limited workforce of 6,759. However, this limitation can be augmented by reinventing internal processes with the end in view of reducing processing time within the desired waiting period of the members, as well as improving office facilities including a comfortable waiting area, for improved customer satisfaction.

5) Since SSS started to venture into ISO certification way back in 2010, IASG auditors have been on top of the Internal Quality Audit (IQA) being performed in order to determine whether or not the institution deserves to be certified. As of December 2017, twenty (20) branch offices have been issued ISO 9001:2008 certifications for the Registration and Coverage System and two (2) branch offices for Death, Disability and Retirement Process; and Dilmahan Branch has been certified ISO 9001:2015. IASSI strongly recommends that the ISO-certified branch offices continue to be vigilant in observing the ISO standards and perform best practices to maintain the certification and for other branch offices to exert more efforts to improve its performance, particularly in areas where they are non-compliant.

As partner of management, IASSI has not been remiss in its duty, including a constant reminder to auditees to act on audit recommendations, particularly compliance to existing laws, rules and regulations as well as established management policies in the performance of their functions. Management, however, has to perform its other role in the governance process and that is to monitor compliance to audit recommendations through its Compliance Officer and to hold accountable the concerned employee or official by making compliance part of the Individual Performance Commitment and Review (IPCR) and the unit’s Office Performance Commitment and Review (OPCR). For 2018, IASSI has planned 13 projects to support Management in the achievement of corporate goals pursuant to SSS Vision and Mission.

ATTY. ANTONETTE L. FERNANDEZ
Vice President
HISTORICAL DATA

**SSS REGISTERED MEMBERS, EMPLOYERS, AND PERSONNEL WORKFORCE**

**SSS Registered Members, Employers, and Personnel Workforce**

<table>
<thead>
<tr>
<th>Year</th>
<th>Members</th>
<th>Employers</th>
<th>SSS Personnel*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>30,721.3</td>
<td>911.9</td>
<td>5.1</td>
</tr>
<tr>
<td>2014</td>
<td>32,142.3</td>
<td>921.1</td>
<td>5.3</td>
</tr>
<tr>
<td>2015</td>
<td>33,621.9</td>
<td>914.0</td>
<td>5.8</td>
</tr>
<tr>
<td>2016</td>
<td>34,889.1</td>
<td>935.0</td>
<td>6.4</td>
</tr>
<tr>
<td>2017</td>
<td>36,130.0</td>
<td>964.4</td>
<td>6.8</td>
</tr>
</tbody>
</table>

* regular SSS employees only

**Ratio of SSS Registered Members to Personnel Workforce**

<table>
<thead>
<tr>
<th>Year</th>
<th>Members</th>
<th>Employers</th>
<th>SSS Personnel*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>30,721.3</td>
<td>911.9</td>
<td>5.1</td>
</tr>
<tr>
<td>2014</td>
<td>32,142.3</td>
<td>921.1</td>
<td>5.3</td>
</tr>
<tr>
<td>2015</td>
<td>33,621.9</td>
<td>914.0</td>
<td>5.8</td>
</tr>
<tr>
<td>2016</td>
<td>34,889.1</td>
<td>935.0</td>
<td>6.4</td>
</tr>
<tr>
<td>2017</td>
<td>36,130.0</td>
<td>964.4</td>
<td>6.8</td>
</tr>
</tbody>
</table>

**CONSOLIDATED**

**Consolidated Assets, Reserves, and Investments**

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
<th>Reserves</th>
<th>Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>384.63</td>
<td>371.72</td>
<td>351.64</td>
</tr>
<tr>
<td>2014</td>
<td>427.16</td>
<td>418.32</td>
<td>394.55</td>
</tr>
<tr>
<td>2015</td>
<td>444.40</td>
<td>435.52</td>
<td>406.16</td>
</tr>
<tr>
<td>2016</td>
<td>476.40</td>
<td>464.42</td>
<td>440.08</td>
</tr>
<tr>
<td>2017</td>
<td>504.87</td>
<td>492.59</td>
<td>460.81</td>
</tr>
</tbody>
</table>

**Consolidated Contributions, Investment & Other Income, Benefit Payments, and Operating Expenses**

<table>
<thead>
<tr>
<th>Year</th>
<th>Contributions</th>
<th>Investment &amp; Other Income</th>
<th>Benefit Payments</th>
<th>Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>103.01</td>
<td>34.39</td>
<td>91.40</td>
<td>7.64</td>
</tr>
<tr>
<td>2014</td>
<td>120.66</td>
<td>34.53</td>
<td>102.60</td>
<td>8.11</td>
</tr>
<tr>
<td>2015</td>
<td>132.62</td>
<td>29.49</td>
<td>112.56</td>
<td>8.86</td>
</tr>
<tr>
<td>2016</td>
<td>144.36</td>
<td>30.10</td>
<td>132.98</td>
<td>9.48</td>
</tr>
<tr>
<td>2017</td>
<td>159.72</td>
<td>40.78</td>
<td>170.68</td>
<td>9.54</td>
</tr>
</tbody>
</table>

**Consolidated Net Revenue**

- **Ratio of SSS Registered Members to Personnel Workforce**
- **Consolidated Assets, Reserves, and Investments**
- **Consolidated Contributions, Investment & Other Income, Benefit Payments, and Operating Expenses**
- **Consolidated Net Revenue**

The decrease in trends in net revenue is attributed to the following reasons:

a) Decrease in income from equities in 2015; and
b) Increase in benefit payments due to pension adjustments as a result of posting 1985-1989 contributions in 2016, and grant of P1,000 additional benefit in 2017.
### EC Contributions, Investment & Other Income, Benefit Payments, and Operating Expenses (in billion pesos)

<table>
<thead>
<tr>
<th>Year</th>
<th>Contributions</th>
<th>Investment &amp; Other Income</th>
<th>Benefit Payments</th>
<th>Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.61</td>
<td>0.68</td>
<td>0.98</td>
<td>0.08</td>
</tr>
<tr>
<td>2014</td>
<td>1.71</td>
<td>0.75</td>
<td>1.10</td>
<td>0.09</td>
</tr>
<tr>
<td>2015</td>
<td>1.83</td>
<td>1.03</td>
<td>1.07</td>
<td>0.08</td>
</tr>
<tr>
<td>2016</td>
<td>1.91</td>
<td>1.58</td>
<td>1.09</td>
<td>0.08</td>
</tr>
<tr>
<td>2017</td>
<td>2.11</td>
<td>2.11</td>
<td>1.15</td>
<td>0.06</td>
</tr>
</tbody>
</table>

### EC Contributions, Investment & Other Income, Benefit Payments, and Operating Expenses

![Graph showing EC Contributions, Investment & Other Income, Benefit Payments, and Operating Expenses over years 2006 to 2017.]

### EC Net Revenue (in billion pesos)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>% inc./ (dec.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.22</td>
<td>(22.4)</td>
</tr>
<tr>
<td>2014</td>
<td>1.28</td>
<td>5.4</td>
</tr>
<tr>
<td>2015</td>
<td>1.70</td>
<td>32.6</td>
</tr>
<tr>
<td>2016</td>
<td>2.32</td>
<td>36.4</td>
</tr>
<tr>
<td>2017</td>
<td>3.00</td>
<td>29.4</td>
</tr>
</tbody>
</table>

### EC Net Revenue

![Graph showing EC Net Revenue from 2006 to 2017.]

### TRAININGS OF SSC IN 2017

#### SSC Members and Trainings

- **Amado D. Valdez**
  - Corporate Governance Orientation Program
  - March 10, 2017
  - Discovery Primea, Makati City
  - Sponsor: Unionbank of the Philippines

- **Emmanuel F. Dooce**
  - Corporate Governance Orientation Program for GOCCs
  - March 7, 2017
  - Sponsor: Institute of Corporate Directors
  - 16th National Convention of Lawyers
  - Theme: “Global and Regional Integration of Legal Services: Challenging the Philippine Status Quo”
  - March 23-26, 2017
  - Sponsor: Integrated Bar of the Philippines

- **Diana V. Pardo-Aguilar**
  - Corporate Governance
  - April 25, 2017
  - Security Bank Center, Ayala Avenue, Makati City
  - Sponsor: SSV & Co.
  - 106th Session of the International Labour Conference
  - (as Adviser and Substitute Delegate for the Employer Sector)
  - June 4-17, 2017
  - Geneva, Switzerland
  - Sponsor: Department of Labor and Employment

- **Anita Bumpus-Quitain**
  - Distinguished Corporate Governance Speaker Series
  - August 10, 2017
  - Sponsor: Institute of Corporate Directors
  - “Charting the Digital Age, its Risks and Strategies, through Governance and a Responsive Corporate Culture”
  - September 7, 2017
  - Sponsor: Philex Mining Corporation, PLDT, MIPC, MERALCO

- **Arthur L. Amancio**
  - Distinguished Corporate Governance Speaker Series
  - November 16, 2017
  - Sponsor: Institute of Corporate Directors

- **Michael G. Regino**
  - Enhancing Audit Committee Effectiveness Essentials
  - July 27, 2017
  - Sponsor: Institute of Corporate Directors
  - “Charting the Digital Age, its Risks and Strategies, through Governance and a Responsive Corporate Culture”
  - September 7, 2017
  - Sponsor: Philex Mining Corporation, PLDT, MIPC, MERALCO

- **Jose Gabriel M. La Viña**
  - 2017 APIC-Japan Pension Funds and Social Security Systems Summit
  - March 7, 2017
  - Shangri-la Hotel, Tokyo, Japan
  - Sponsor: Institute of Corporate Directors

- **Gonzalo T. Duque**
  - Corporate Governance Orientation Program for GOCCs
  - March 22, 2017
  - Sponsor: Institute of Corporate Directors

- **Santiago Dionisio R. Agdipta**
  - Commission Secretary
  - Corporate Standards Office Orientation Seminar for Corporate Secretaries and Compliance Officers
  - June 28, 2017
  - Sponsor: Governance Commission for GOCCs
  - Seminar-Workshop on Decision Writing and Updates on Substantive and Procedural Law
  - August 14-16, 2017
  - Sponsor: SSS Learning and Development Department
  - 2017 Corporate Governance Conference: “Competing Against Risk”
  - September 26, 2017
  - Sponsor: Institute of Corporate Directors

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**SSS 2017 ANNUAL REPORT**

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SOCIAL SECURITY COMMISSION

1. AMADO D. VALDEZ
   Chairman
   Date of Birth: May 5, 1946
   Place of Birth: San Manuel, Pangasinan
   Age: 71
   Date of Appointment: October 10, 2016

2. EMMANUEL F. DOOC
   Vice Chairman & SSS President and CEO
   Date of Birth: December 24, 1949
   Place of Birth: Daet, Camarines Norte
   Age: 68
   Date of Appointment: November 15, 2016

3. SILVESTRE H. BELLO III
   Ex-Officio Member
   Date of Birth: June 23, 1944
   Place of Birth: Gattaran, Cagayan
   Age: 73
   Date of Appointment: July 1, 2016
   (DOLE Secretary)

4. DIANA V. PARDO-AGUilar
   Commissioner
   Date of Birth: October 27, 1963
   Place of Birth: Manila
   Age: 54
   Date of Appointment: December 14, 2016

5. ANITA BUMPUS-GUITAIN
   Commissioner
   Date of Birth: November 1, 1946
   Place of Birth: Sta. Cruz, Davao del Sur
   Age: 71
   Date of Appointment: October 13, 2016

6. ARTHUR L. AMANSEC
   Commissioner
   Date of Birth: November 28, 1946
   Place of Birth: San Jacinto, Pangasinan
   Age: 71
   Date of Appointment: October 13, 2016

7. MICHAEL G. REGINO
   Commissioner
   Date of Birth: August 14, 1961
   Place of Birth: Dipolog, Zamboanga del Norte
   Age: 56
   Date of Appointment: October 27, 2016

8. JOSE GABRIEL M. LA VIÑA
   Commissioner
   Date of Birth: June 2, 1957
   Place of Birth: Cebu City
   Age: 60
   Date of Appointment: November 25, 2016

9. GONZALO T. DUQUE
   Commissioner
   Date of Birth: January 16, 1952
   Place of Birth: Dagupan City, Pangasinan
   Age: 65
   Date of Appointment: November 6, 2016
OFFICE OF THE CORPORATE SECRETARY TO THE COMMISSION

SANTIAGO DIONISIO R. AGDEPPA
SVP, Commission Secretary, Compliance Officer and Executive Commission Clerk

INTERNAL AUDIT SERVICE GROUP

ANTONETTE L. FERNANDEZ
VP, Internal Audit Service Group

SSS MANAGEMENT

PRESIDENT & CEO, EXECUTIVE VICE PRESIDENT & SENIOR VICE PRESIDENTS

1. EMMANUEL F. DOOC
President and
Chief Executive Officer

2. RIZALDY T. CAPULONG
EVP, Investments Sector

3. VOLTAIRE P. AGAS
SVP, Legal and Enforcement Group

4. JOSE B. BAUTISTA
SVP, NCR Operations Group

5. MAY CATHERINE C. CIRIACO
SVP, Administration Group/Concurrent OIC, Human Resource Management Group and Public Affairs and Special Events Division

6. JOSEFINA O. FORNILLOS
SVP, Central Processing Group
1. HELEN L. ABOLENCIA
   NCR North Division

2. VILMA P. AGAPITO
   Luzon Central 1 Division

3. EDWIN M. ALO
   Mindanao North Division

4. ANTONIO S. ARGABIOSO
   Large Accounts Division and Concurrent OIC,
   NCR Large Accounts Department

5. NICHOLAS C. BALBUENA
   IT Operations Division

6. PEDRO T. BAOY
   Asset Management Division/Lending and Asset Management Group

7. JESSE J. CABEROY
   Human Resource Services Division

8. REGINALD G. CANDELARIA
   Equities Investments Division/Capital Markets Group
   *Retired effective 17 November 2017

7. EDDIE A. JARA
   SVP, Mindanao Operations Group

8. JOEL A. LAYSON
   SVP, Information Technology Management Group

9. JOSIE G. MAGANA
   SVP, Luzon Operations Group

10. PAUL ERIK D. MANALO
    Special Assistant to the Corporate Head III
    Office of the President and CEO

11. GEORGE S. ONGKEKO, JR.
    SVP, Actuarial and Risk Management Group
    *Resigned effective 9 November 2017

12. ELVIRA G. ALCANTARA-RESARE
    SVP, Controllership Group

13. JUDY FRANCES A. SEE
    SVP, Account Management Group and Concurrent OIC
    International Operations Group

14. HELEN C. SOLITO
    SVP, Visayas Operations Group
9. Hidelza B. Castillo  
   IT Support Services Division

10. Eleonora Y. Cinco  
   Management Services and Planning Division  
   and Concurrent OIC, Corporate Policy and  
   Planning Department

11. Mario V. Corro  
   Visayas Central 2 Division

12. Virginia S. Cruz  
   Luzon South 1 Division

13. Nilo D. Despuig  
   Luzon South 2 Division

14. Rodrigo B. Filoteo  
   Mindanao West Division

15. Nelson P. Ibarra  
   NCR East Division

16. Jean V. Lagrada  
   Financial and Budget Division

17. Johnny L. Mangundayao  
   Operations Accounting Division

18. Leonora D. Nuque  
   NCR Regional Processing Division

19. Alan Gene O. Padilla  
   IT Solutions Division

20. Emmanuel R. Palma  
   Mindanao South 1 Division

21. Nestor R. Sacayan  
   General Services Division

22. Gwen Marie Judy D. Samontina  
   Program Services Division

23. Mario R. Sibucao  
   Member Relations and Support Division

   Treasury Division
SSS MANAGEMENT
OFFICERS-IN-CHARGE
GROUP/DIVISION HEADS

1. GLORIA CORAZON M. ANDRADA
   Luzon Central 2 Division
2. CRISTINA A. BACALLA
   Luzon Regional Processing Division
3. PORFIRO M. BALATICO
   Luzon North 2 Division
4. LILANI B. BENEDIAN
   Visayas West 1 Division
5. RAUL A. CASIANO
   Visayas West 2 Division
6. JOVE L. COLASITO
   Mindanao South 2 Division
7. RENATO JACINTO S. CUISIA
   Operations Legal Services Divisions I and II
8. FILOMENA S. DAVID
   Human Resource Services Division
9. ROSANO L. DELMO
   Internal Audit Service Division I
10. NORMITA M. DOCTOR
    Benefits Administration Division
11. CRISTINE GRACE B. FRANCISCO
    NCR South Division
12. ERNESTO D. FRANCISCO, JR.
    Fund Management Group
    *From March to November 2017
13. RENTONY C. GIBE
    Actuarial Services Division and DM III,
    Program Development and Pricing Department
14. LUZVIMINDA J. LIMCAUCO
    NCR West Division
15. ALBERTO L. MONTALBO
    Visayas Central 1 Division
16. HYDEE R. RAQUID
    Procurement Management Division
17. REYNALDO S. RASCO  
Investments Support Division  
*Retired effective 1 December 2017

18. CEASAR P. SALUDO  
Luzon North 1 Division

19. ELENITA S. SAMBLERO  
Luzon Bicol Division

20. LORELIE D. SANTOS  
Risk Management Division

21. SYLVETTE C. SYBICO  
Middle East and Europe Operations Division

22. GERONIMO T. VALEZA  
Internal Audit Service Division 2

23. CARLO C. VILLACORTA  
Alternative Investments Division and Fixed Income Investment Division

24. JOY A. VILLACORTA  
Asia, Americas and Pacific Operations Division

25. MIRIAM A. VILLALBA  
Visayas-Mindanao Regional Processing Division

26. BRENDA P. VIOLA  
Medical Services Division

27. JOSELITO A. VIVIT  
Corporate Legal Services Division
FOREIGN REPRESENTATIVE OFFICES
AND POEA
FLORENIDA R. PALMERO
POEA Branch

FOREIGN REPRESENTATIVE OFFICES:
ASIA
RHEA S. BALICAS
Lucille L. SIMBOL
Hong Kong Representative Office
JONNAH A. CRUZADA
Jackeline B. BELLO
Taipei Representative Office
ELENA D. CLEMENTE
Singapore Representative Office
JOSEFINA A. MADURO
Kuala Lumpur Representative Office

MIDDLE EAST
MICHAEL D. INGAL
Jeddah Representative Office
JOHN L. SIBBALUCA
Al-Khobar Representative Office
JEREMY M. REDULLA
Kuwait Representative Office
DANilo Q. CALAPE
Riyadh Representative Office
LYDIA E. CABAGNOT
Abu Dhabi Representative Office
LESLIE P. DE LEON
Doha Representative Office
MARK ROQUE N. OLIVA
Dubai Representative Office
EDRE G. BAYNO
Bahrain Representative Office
ROMEL V. REGINO
Muscat Representative Office
LESTER PAUL S. MATA
Jordan Representative Office

EUROPE
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Rome Representative Office
MARY JESSELYN C. SIA
Milan Representative Office
THELMA V. VENTURANZA
London Representative Office

NORTH AMERICA
MARITESS C. MARIN
San Francisco, USA
ROBERTO V. ROLDAN
Toronto Representative Office

Chairperson
SVP May Catherine C. Ciriaco
Administration Group and Concurrent OIC, HRMS & PASED
Vice Chairperson
VP Eleonora Y. Cinco
Management Services and Planning Division and Concurrent OIC, Corporate Policy and Planning Department (CPPD)
Members
Ms. Luisa P. Sebastian
DH II, Media Affairs Department
Sonia P. Guinto
DH II, Corporate Communications Department (CCD)
Merle P. Victorino
Sr. Technical Assistant, Office of the President and CEO (Not in photo)

Justina B. Hugo
CEO III, CCD
Josephine Anne E. Mines
SSO IV, CCD
Secretariat
Virgilio M. Macapagal
CPPD
Rose Mary Frances C. Sindac
Iris Joy P. Abizarez
CCD

2017 ANNUAL REPORT COMMITTEE

1 Officer-in-Charge
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