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SOCIAL SECURITY SYSTEM

ANNUAL REPORT

SSS @ 65: Kontribusyong Pinag-ipunan,
Proteksyong Maaasahan

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.

SSS @ 65: KONTRIBUSYONG PINAG-IPUNAN, PROTEKSYONG MAAASAHAN

For 65 years now, the Social Security System (SSS) has helped millions of Filipinos through its programs and services promoting social security protection in times of life's contingencies. The COVID-19 wave has made the SSS members value the importance of social security coverage and the need for continuous payment of contributions to be assured of the benefits and loans provided by the institution.

The theme, "*SSS @ 65: Kontribusyong Pinag-ipunan, Proteksyong Maaasahan*," reflects the SSS' noble intention for its members: for them to save not only for their retirement, but to have access to a financial safety net as well when contingencies come along their way. It is also an affirmation that, as a dependable institution, SSS members will surely benefit from every peso they contribute to the pension fund.

ABOUT THE COVER

This cover design employs a minimalist approach, featuring the X and Y axes symbolizing the enduring stability and reliability of Social Security System (SSS) contributions. The graph elements convey a sense of strategic planning and progress.

The design encapsulates the essence of SSS' 65th anniversary theme, illustrating the careful financial planning and steadfast protection provided by SSS over the years.



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COMPARATIVE HIGHLIGHTS

(Amounts in Million Pesos)

CONSOLIDATED

	For the Year		Increase/(Decrease)	
	2022 (Audited)	2021 (Restated)	Amount	%
A. REVENUES & EXPENDITURES				
Revenues	306,159.70	262,620.58	43,539.13	16.6
Members' Contribution	261,442.17	226,122.98	35,319.19	15.6
Investment and Other Income	44,717.53	36,497.60	8,219.93	22.5
Expenditures	731,671.66	1,106,534.39	(374,862.73)	(33.9)
Benefit Payments	242,813.87	223,981.99	18,831.89	8.4
Operating Expenses	10,747.99	10,192.90	555.09	5.4
Net changes in policy reserves	478,109.80	872,359.50	(394,249.70)	(45.2)
Net Revenue/(Loss)	(425,511.96)	(843,913.81)	418,401.85	49.6
B. ASSETS & RESERVES				
Assets	773,387.68	702,402.13	70,985.54	10.1
Investments	705,697.27	654,192.59	51,504.68	7.9
Property and Equipment ¹	9,381.86	9,597.38	(215.52)	(2.2)
Others ²	58,308.54	38,612.16	19,696.38	51.0
Liabilities	8,155,646.46	7,656,527.85	499,118.61	6.5
Reserves	(7,382,258.78)	(6,954,125.71)	(428,133.07)	(6.2)

¹ Consists of Property, Plant and Equipment, Intangible Assets, and Right of use Assets

² Consists of Cash and Cash Equivalent, Receivables and Others

SOCIAL SECURITY FUND ³

	For the Year		Increase/(Decrease)	
	2022 (Audited)	2021 (Restated)	Amount	%
A. REVENUES & EXPENDITURES				
Revenues	301,100.03	258,534.57	42,565.45	16.5
Members' Contribution	258,902.16	224,003.23	34,898.93	15.6
Investment and Other Income	42,197.86	34,531.34	7,666.53	22.2
Expenditures	726,716.04	1,089,142.32	(362,426.29)	(33.3)
Benefit Payments	240,646.12	221,839.81	18,806.32	8.5
Operating Expenses	10,652.33	10,095.05	557.28	5.5
Net changes in policy reserves	475,417.58	857,207.46	(381,789.88)	(44.5)
Net Revenue/(Loss)	(425,616.01)	(830,607.75)	404,991.74	48.8
B. ASSETS & RESERVES				
Assets	725,987.89	657,486.43	68,501.46	10.4
Investments	660,812.88	611,628.62	49,184.25	8.0
Property and Equipment	9,381.86	9,597.38	(215.52)	(2.2)
Others	55,793.15	36,260.43	19,532.72	53.9
Liabilities	8,114,670.29	7,618,238.72	496,431.57	6.5
Reserves	(7,388,682.40)	(6,960,752.29)	(427,930.11)	(6.1)

³ Includes Flexi Fund, PESO Fund, Mortgagors' Insurance Account, Mandatory Provident Fund, and Voluntary Provident Fund

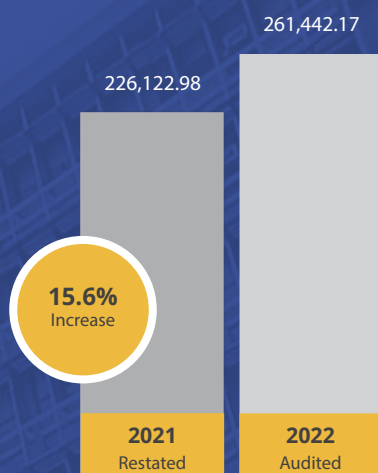
EMPLOYEES COMPENSATION AND STATE INSURANCE FUND

	For the Year		Increase/(Decrease)	
	2022 (Audited)	2021 (Restated)	Amount	%
A. REVENUES & EXPENDITURES				
Revenues	5,059.67	4,086.00	973.67	23.8
Members' Contribution	2,540.01	2,119.74	420.26	19.8
Investment and Other Income	2,519.67	1,966.26	553.41	28.1
Expenditures	4,955.62	17,392.07	(12,436.44)	(71.5)
Benefit Payments	2,167.75	2,142.18	25.57	1.2
Operating Expenses	95.66	97.85	(2.19)	(2.2)
Net changes in policy reserves	2,692.22	15,152.04	(12,459.82)	(82.2)
Net Revenue/(Loss)	104.05	(13,306.06)	13,410.11	100.8
B. ASSETS & RESERVES				
Assets	47,399.78	44,915.70	2,484.08	5.5
Investments	44,884.40	42,563.97	2,320.43	5.5
Others	2,515.39	2,351.73	163.65	7.0
Liabilities	40,976.17	38,289.13	2,687.04	7.0
Reserves	6,423.61	6,626.57	(202.96)	(3.1)

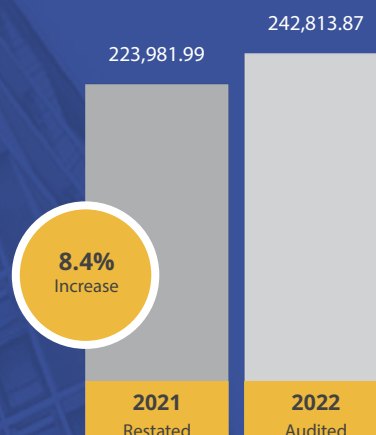
Figures may not add up to totals due to rounding

QUICK FACTS

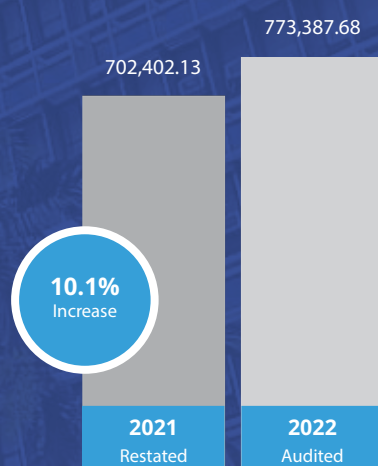
(Amounts in Million Pesos)



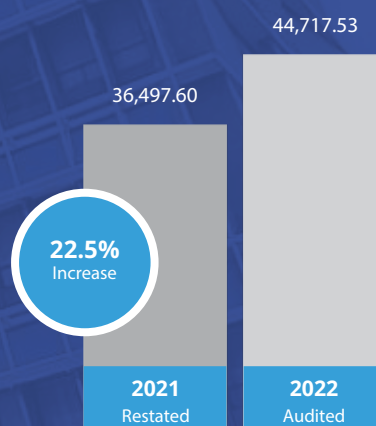
CONTRIBUTION COLLECTIONS



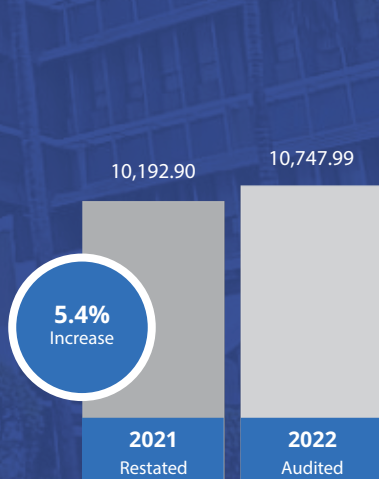
BENEFIT PAYMENTS



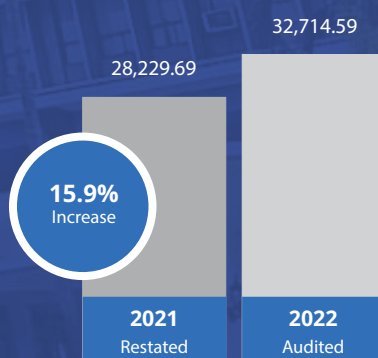
ASSETS



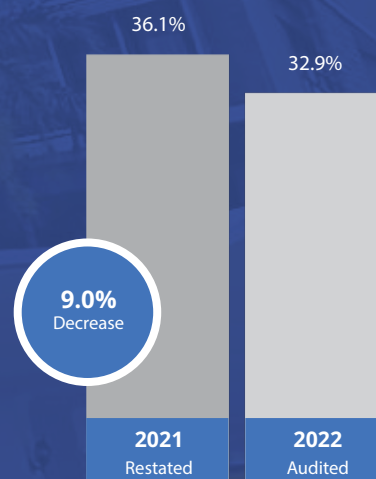
INVESTMENT AND OTHER INCOME



OPERATING EXPENSES



CHARTER LIMIT



% OPERATING EXPENSES TO CHARTER LIMIT



MESSAGE FROM THE PHILIPPINE PRESIDENT

MALACAÑAN PALACE MANILA

I convey my wholehearted support to the **Social Security System (SSS)** as you publish your **2022 Annual Report**.

For more than six decades, the SSS has been instrumental in providing a safety net for working Filipinos and their loved ones by assisting them during life's contingencies and financial setbacks. Moreover, it has become a catalyst for robust growth as its investment operations and loan programs help support capital market and infrastructure development.

Your theme for this year's report speaks well of your goal to ensure effectiveness and reliability in delivering your services so that our working citizenry have something to lean on as they build their aspirations.

May you remain selfless and determined in your endeavors as you protect even more Filipinos and contribute to the revitalization of our country through technology. With your help, we can certainly bring the Philippines to a brighter and more secure future for all.

I wish you the best in your endeavors.


FERDINAND R. MARCOS JR.

Manila
July 2023



MESSAGE FROM THE SSC CHAIRPERSON

I congratulate the Social Security System (SSS) on the publication of its 2022 Annual Report, documenting the agency's key achievements for the year in pursuit of universal and equitable social security protection for its members and pensioners.

The theme for 2022, *"SSS@65: Kontribusyong Pinag-ipunan, Proteksyong Maaasahan,"* captures the essence behind the institution's existence: providing a reliable safety net for Filipino families in times of need while promoting a culture of financial literacy.

For 65 years, the SSS has grown to become an important pillar in Philippine society and continues to evolve with the demands of the time. The SSS has fully embraced digital transformation, shifting nearly all core processes online through the My.SSS portal in the SSS website and SSS mobile application.

In 2022, the number of electronic transactions reached 50 million, a 15-percent increase from the electronic transactions in 2021. This is an astounding feat for an agency of its size, drawing the attention of various social security organizations worldwide.

In the same year, the SSS likewise posted a year-on-year increase across its income, member contributions, and benefits payments. More notably, contributions to the Workers' Investment and Savings Program (WISP) reached PHP 20 billion within the first two years of its implementation.

In addition, WISP Plus was successfully launched in 2022 as a voluntary provident fund for individual members who wish to jumpstart their retirement savings through an affordable, safe, and tax-free savings scheme.

I am confident that these achievements will serve as stepping stones for more innovative financial programs and more meaningful social protection from the SSS in the future.

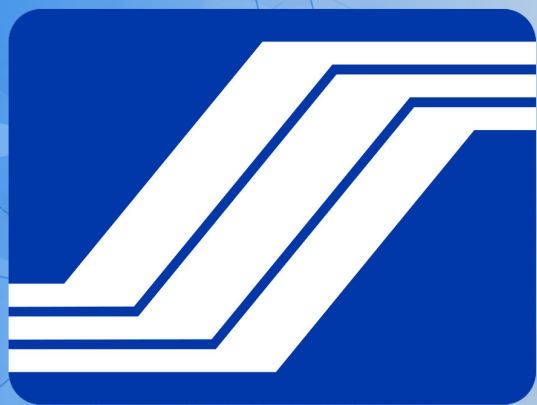
As Chairman of the country's premier pension fund, I am proud to be a part of this milestone moment in SSS history. To the hardworking women and men of the SSS, may we continue to serve our valued members and their beneficiaries with unyielding integrity, zeal, and excellence for years to come.

~ ~ ~

BENJAMIN E. DIOKNO
Secretary
Department of Finance



July 04, 2023



MESSAGE FROM THE SSS PRESIDENT AND CEO

Securing Every Filipino Worker.

These four words have been my personal motto ever since I assumed office as President and Chief Executive Officer at the Social Security System (SSS). Together with the thousands of men and women of this treasured institution, I am ever mindful of our mandate to provide all SSS members and beneficiaries with protection against life's exigencies. Each one of us at SSS begins our daily work with this end in mind.

The year 2022 is a milestone for us as we marked the 65th Anniversary of the SSS. These are six and a half decades of genuine, proficient, and effective public service to the Filipino people. This milestone does not necessarily end with the accolades that we earned but also commemorates the accomplishments that the SSS has made throughout its years of dedicated service. As an institution, the SSS has consistently been a bastion of stability for every Filipino worker in the private sector and has been instrumental to nation building.

The 2022 Annual Report's theme aligns with that of the 65th Anniversary theme: *"SSS@65: Kontribusyong Pinag-ipunan, Proteksyong Maaasahan."* Under the backdrop of the most challenging three years in recent history, the SSS has successfully remained strong and relevant to the members who rely on it. Indeed, 2022 was a journey of SSS transformation, resilience, and growth.

Robust Financial Position

From January to December 2022, the SSS' total revenue amounted to ₱306.16 Billion – 16.6 percent higher than the total revenue posted in 2021. Of this total, members' contributions amounted to ₱261.44 Billion or 85.4 percent, while investment and other income was at ₱44.72 Billion or 14.6 percent of total revenues.

Total members' contributions for 2022 indicated a visible path towards pre-pandemic levels as it presented an increase of ₱35.32 Billion or 15.6 percent compared to the ₱226.12 Billion collected in the previous year. The main driver for this increase came from employed members who posted a 17.6 percent increase from ₱196.53 Billion in 2021 to ₱231.12 Billion in 2022. This was followed by voluntary-paying members who generated ₱17.20 Billion in contributions from ₱16.15 Billion in 2021, or a 6.5 percent increase. Meantime, contributions from self-employed members amounted to ₱4.83 Billion in 2022, from the ₱5.28 Billion posted in 2021.

As SSS investment strategies endeavored to maximize investment returns in 2022, substantial gains of ₱8.22 Billion or a 22.5 percent increase than previous year totals in investments and other income was evident. This increase is attributed to the ₱8.87 Billion increase from loans to members and pensioners. Contributing to this uptick were the posting of the reversal of impairment loss from ₱0.552 Billion in 2021 to ₱4.06 Billion, the growth of salary/educational/calamity loan incomes from ₱5.64 Billion to ₱10.06 Billion, and the rise in income from restructured member loans by ₱0.20 Billion in 2022. Supplementing these were the rise of ₱2.35 Billion and ₱1.82 Billion in real estate income and government notes and bonds income in 2022, respectively. Unfortunately, the lackluster equity market in 2022 resulted in a ₱4.57 Billion contraction in equity income as compared to 2021.

As quarantine restrictions eased and businesses resumed normal operations, the SSS granted ₱242.81 Billion in benefit payments to some 4.7 million members in 2022. This was ₱18.83 Billion or 8.41 percent higher compared to 2021 numbers, which translated to some 300,000 SSS and Employees Compensation members/beneficiaries. In terms of absolute amount, retirement beneficiaries received the majority share, accounting for an increase of ₱11.58 Billion from 2021 figures. Meanwhile, death claim beneficiaries accounted for a 12.4 percent increase, which meant an additional 104,000 claims compared to 2021 numbers.

Good Governance

As an institution that promotes transparency, efficiency, accountability, and compliance with the law, we at the SSS pride ourselves with strict compliance to the limits set in Republic Act No. 11199 (Social Security Law of 2018). The SSS operating expenses (OpEx) represented only 32.9 percent of the allowable ₱32.71 Billion of the Charter Limit, which was lower than the 36.1 percent in 2021. The OpEx to benefit payments ratio in 2022 was only at 4.4 percent, also lower than the 4.6 percent balance in 2021.

The SSS spent ₱10.75 Billion in operating expenses, which is 5.4 percent or ₱0.56 Billion higher than the ₱10.19 Billion recorded in the previous year. The top contributing factors to the OpEx increase were the retroactive implementation of the Compensation and Position Classification System (CPCS)-approved appeals, the costs associated with intensified collection efforts from employers, and the adverse effects of inflation increase.



Workforce Empowerment

Also in 2022, the SSS Management was keen on establishing major human capital management reforms to ensure better service to our members. The reforms were needed in accordance with the structure under the CPCS, which provides competitive compensation to ensure the hiring and retention of talent while keeping the SSS financially stable.

As a Government Owned and Controlled Corporation (GOCC), the SSS is covered under Executive Order No. 150 s. 2021 *“Approving the CPCS and Index of Occupational Services, Position Titles, and Job Grades for GOCCs (IOS-G) Framework, Repealing Executive Order No. 203 (S.2016), and For Other Purposes”* signed by President Rodrigo R. Duterte last October 2021.

As a strategy that is aligned with provisions set in the *“GOCC Governance Act of 2011”* (Republic Act 10149), the CPCS subjects all GOCCs to a position classification system and pay structures in relation to their financial capacities and sustainability. The implementation of the CPCS in the SSS was hinged on our full compliance with the requirements set by the Governance Commission for GOCCs (GCG).

Through the progressive enhancements to employee welfare, and with the significant gains brought about by the implementation of the CPCS, 90 percent of SSS employees in 2022 were more satisfied in their respective jobs, basic aspects of mental health were all in normal range, and total employee engagement further improved to 91.5 percent compared to 89.8 percent in 2021. These were based on the 2022 SSS Employee Mental Health and Satisfaction Survey, which also showed that SSS employees were more satisfied in terms of the nature of their work, workplace environment, supervision, promotion, and pay, among others. All these factors have led the SSS workforce to being more committed and competent in serving members and their beneficiaries.

All these developments have revitalized the SSS workforce who served close to 42 million members, including 914,000 active employers in 2022. They likewise processed a total of 50.26 million electronic transactions and 10.56 million manual transactions in the same year.

New and Continuing Programs

For 2022, we continued extending financial relief to members and employers to help them recover from the adverse economic effects of the COVID-19 pandemic under the Pandemic Relief and Restructuring Programs (PRRP), particularly:

- **PRRP 4** – restructured housing loan and condoned penalties, which resulted in ₱505.98 Million in total collections representing 1,267 accounts; and
- **PRRP 5** – condoned short-term loan penalties, which garnered ₱3.19 Billion in collections representing 209,621 accounts.

We also offered two programs for housing loan condonation and one for member loan condonation, namely: 1) the Housing Loan Penalty Condonation Program, which posted a collection of ₱84.97 Million representing 235 accounts, 2) Penalty Condonation Program for Housing Loans, which is a continuing program as of 2022, and 3) Consolidated Loan Program with Condonation of Penalty, which as of end-2022, posted a collection of ₱755.23 Million, representing 101,694 accounts.

During our 65th Anniversary month, we launched new innovative programs to cover our informal workers, presented a new means for our members to save for their retirement, and helped our employers and members settle their contribution and loan delinquencies:

1. **New contribution payment schedule for farmers, fishermen, and other self-employed individuals in the informal economy** is a more flexible payment schedule that allows them to pay missed contributions for any of the last twelve (12) months in the current month.
2. **Contribution Subsidy Provider Program (CSPP)** promotes the spirit of *“Bayanihan”* by encouraging individuals and groups to subsidize the monthly contributions of other SSS members.
3. **Contribution Penalty Condonation Programs** aim to help business and household employers who have delinquencies in the SSS contributions of their employees and household helpers.

4. **Workers' Investment and Savings Program (WISP) Plus** is a voluntary provident fund program that will allow members to boost their retirement savings by contributing a minimum payment of ₱500 (with no maximum amount) at any time and eventually gain tax-free earnings.

Ongoing Digitalization Initiatives

SSS Website

The following electronic features were implemented in the SSS Website in 2022:

- Submission of initial Pension Loan application, Death Claim and Disability Claim application
- Enhancement of Disbursement Account Enrollment Module (DAEM), Maternity Benefit Reimbursement, Retirement Claim application, and Short-Term Member Loan application
- SS Number issuance for claimants/beneficiaries/guardians who are not yet SSS members
- Re-enabling of Online Updating of Contact Information.

uSSSap Tayo Portal

Fully implemented in 2022, the uSSSap Tayo Portal is a self-service facility on the SSS website that allows members and employers to visit and find answers to their questions and inquiries. With its monitored ticketing system, the Portal is also a way for SSS to effectively manage and improve its resolution rate for complaints, queries, and concerns.

In 2022, the ASEAN Social Security Association recognized the uSSSap Tayo Portal as an *"innovation in customer relation management."*

SSS Mobile App

As of end-December 2022, the SSS Mobile App was downloaded by 9.14 million users, or 40.6 percent higher than 22.52 million downloads as of December 2021.

In 2022, the MySSS portal had 15.26 million registered members and 675,986 registered employers. This was an increase of 21.3 percent and 7.6 percent from the 12.58 million members and 628,000 employers, respectively, that were registered as of December 2021.

Awards and Recognition



True to our commitment of providing better service to our dear stakeholders, the Anti-Red Tape Authority (ARTA) in 2022 accorded the SSS a Plaque of Appreciation for the various streamlining measures that the institution implemented to address the surge of transacting members at various branch offices due to the easing of quarantine restrictions in Metro Manila and other areas.

Another noteworthy accomplishment of the SSS for 2022 was its promotion of financial inclusion. Maya Business awarded the SSS the *"Ease of Doing Business Champion"* for making it easier for citizens to pay civic fees through omni-channel payment acceptance.

Final Note

Through the new coverage and collection programs launched in 2022, the SSS continues to address the demographic shift – longer life expectancy and lower fertility rates – that impacts on SSS' long-term solvency. The efforts to address this concern and others are geared towards having a viable social security scheme for Filipinos both here and abroad, as well as providing its 42 million members meaningful benefits to cope with life's exigencies.

I would like to express my heartfelt thanks to our former PCEO Aurora C. Ignacio for her steadfast guidance during the first quarter of 2022 that set the tone for the stellar performance of SSS in the remainder of the year. We instituted the needed structural reforms to allow our institution to reach new heights and heeded the call of our members for better, faster, and more accessible services. I am deeply honored to work with the men and women of the SSS in making this journey a success for our beloved institution.

In parting, let us continue to have faith in one another at SSS in order that social protection and social justice will continue to prevail in our beloved country.

MICHAEL G. REGINO

SSS President and Chief Executive Officer

2022 YEAR-IN-REVIEW

JANUARY ►



The SSS, through Circular (CI) No. 2021-020, offered Calamity Assistance Package to members and pensioners affected by Typhoon Odette. The package consisted of the Calamity Loan Assistance Program (CLAP) and three-month advance pension, which both ran from January 14 to April 13, 2022. It also opened the Direct House Repair and Improvement Loan to qualified members for a year upon issuance of the Circular on December 23, 2021. Three other Circulars on CLAP and three-month advance pension were released in 2022 to give financial aid to SSS member- and pensioner-victims of Magnitude 7.0 Earthquake (CI 2022-016), Super Typhoon Karding (CI 2022-027), and Severe Tropical Storm Paeng (CI 2022-029).



FEBRUARY ►

February 28, 2022 saw the formal launching of SSS San Pedro as the first-ever Digital Branch of the institution, offering multi-channel service delivery platforms to stakeholders from 27 barangays under its jurisdiction. There are three new sections namely, e-Center, Mobile App Learning Center, and Customer Care Center, which all aim to help members and pensioners get acquainted with the various digital platforms of the institution. Leading the ribbon-cutting ceremony were (from left) SSS Senior Vice President for Visayas Operations Group Helen C. Solito, Commissioner Ricardo L. Moldez, President and Chief Executive Officer (PCEO) Aurora C. Ignacio, Robinsons Galleria South Mall Manager Rafael J. Arciga, and SSS San Pedro Branch Head Reynante A. Untiveros.



MARCH ►

On March 14, 2022, the SSS witnessed a ceremonial turnover of leadership between outgoing PCEO Aurora C. Ignacio and newly-appointed PCEO Michael G. Regino. No stranger to the SSS and its operations, PCEO Regino was a member of the Social Security Commission (SSC) representing the Public Sector since 2016, before being appointed by President Rodrigo R. Duterte to lead the state-run pension fund as its 19th PCEO.



APRIL ►

Following PCEO Michael G. Regino's directive, the SSS Run After Contribution Evaders (RACE) operations officially resumed in the National Capital Region (NCR) on April 1, 2022. Subject to the first operations were 10 non-compliant employers in Manila with combined contribution delinquencies amounting to ₱26.26 Million. The RACE operations aim to exact the continuous compliance of delinquent employers with their statutory obligations under Republic Act No. 11199 or the Social Security Act of 2018, ensure the social security coverage of members, and enhance SSS' collection efficiency. Throughout 2022, the SSS visited a total of 402 employers through the 46 RACE operations conducted in NCR. Meanwhile, a total of 164 RACE operations covering 1,251 employers were held in Luzon, Visayas, and Mindanao.

The Anti-Red Tape Authority (ARTA) recognized the efforts of the SSS in ensuring that it meets the public's expectation for fast and responsive service. Through digitalization of its services and transactions in 2022, the SSS was able to significantly reduce the long lines and crowding in branches and ensure safe and secure receipt of social security benefits. SSS PCEO Michael G. Regino thanked the ARTA, led by Secretary Jeremiah B. Belgica, for their recognition of the improved delivery of SSS services. *"This gives us further inspiration and motivation to continuously enhance our processes and provide better services for our stakeholders,"* he said.



MAY ►

The SSS, in partnership with the Rizal Commercial Banking Corporation (RCBC), awarded a brand-new Honda Click 125i to Edilberto Flancia (2nd from left), winner of RCBC's "Handog na Motorsiklo Ngayong Pasko" Promo on May 23, 2022 at the SSS Ramon Magsaysay Hall. Under the promo, SSS members who registered their DiskarTech accounts to the My.SSS Disbursement Account Enrollment Module and received their loans or benefits proceeds automatically earned one raffle entry. Photo also shows the SSS PCEO Michael G. Regino (left), the Flancia family (middle) and RCBC Executive Vice President and Chief Innovation and Inclusion Officer Lito Villanueva (far right).

The SSS on May 24, 2022 welcomed 11 delegates from various government agencies of the People's Republic of Bangladesh who held a study visit in the Philippines. SSS officials provided the delegates brief presentations on its various benefit programs and digitalization efforts, including initiatives implemented amid the COVID-19 pandemic. Over the past years, SSS has welcomed delegates from other countries such as Azerbaijan, Brunei, Indonesia, Malaysia, Nepal, South Korea, and Tanzania, among others.



PHOTO GRABBED FROM: www.landbank.com

JUNE ►

The SSS and Land Bank of the Philippines signed a Memorandum of Agreement (MOA) for safer and more convenient disbursement and payment collection for SSS members, employers, pensioners, and claimants. Under the MOA, the former will be utilizing the Landbank Bulk Credit System and the Link.BizPortal digital platforms to ensure the timely delivery of benefit and loan proceeds to local and overseas Filipinos and their beneficiaries. SSS PCEO Michael G. Regino and Landbank PCEO Cecilia C. Borromeo led the MOA signing on June 1, 2022 at the Landbank Plaza in Manila.



Nearly 200 job order and contract of service workers of the Philippine Public Safety College (PPSC) will be given social security coverage after the signing of a MOA with the SSS on June 24, 2022. SSS PCEO Michael G. Regino lauded PPSC's efforts to provide basic safety net in times of contingencies to their contractual workers through their SSS membership as self-employed individuals. Photo shows SSS Senior Vice President for Account Management Group Mario Sibucan and PPSC Vice President for Administration Retired Police Brigadier General Ferdinando Sevilla leading the MOA signing between the two government agencies, together with other SSS and PPSC officials as witnesses.



The SSS on June 27 signed a pact with the Union Bank of the Philippines (UBP) to allow SSS members to acquire Unified Multi-purpose Identification (UMID) Pay Cards through the latter. Upon implementation, the UMID Pay Card will be linked to a UBP regular savings account and can be used by SSS members to check their balance, withdraw cash, transfer funds, pay bills, or deposit cash through UBP branches, self-service machines, and BancNet ATMs nationwide. Photo shows (3rd to 4th from left) SSS PCEO Michael G. Regino and UBP PCEO Edwin R. Bautista together with other SSS and UBP officials during the MOA signing ceremony held at the SSS Main Office in Quezon City.

JULY ►

SSS PCEO Michael G. Regino (2nd from right) and Climate Change Commission (CCC) Secretary Robert E.A. Borje (2nd from left) signed a MOA on July 14, 2022 at the SSS Main Office in Quezon City to enable the job order and contract of service workers of CCC to get social security coverage under the KaSSSangga-Collect (formerly Kalta-SSS Collect) Program. Through the said MOA, CCC will serve as an authorized coverage and collection partner of SSS, wherein they will be allowed to collect and remit the monthly contributions of its job order and contract of service workers through a salary-deduction scheme. Also present during the MOA signing were CCC Strategic Partnership Division Chief Alexis D. Lapiz (left) and SSS Professional Sector Department Head Carlo C. Villacorta (right).



Magandang balita para sa mga **Magsasaka, Mangangisda**, at iba pang **Self-Employed Members** na kabilang sa **Informal Economy**

MAS MAGAAN AT MAS MADALI NA
ANG PAGBABAYAD NG INYONG KONTRIBUSYON SA
SOCIAL SECURITY SYSTEM DAHIL SA MAS
FLEXIBLE NA CONTRIBUTION PAYMENT SCHEDULE!

Batid naming hindi regular ang inyong kabuhatan at may mga buwan na mataas o mahina ang kita sa anihan, sa pangangisda, o sa pagtitinda. Pinalawig namin ang deadline para sa pagbabayad ng inyong kontribusyon sa SSS.

Ang kontribusyon para sa nakaraang 12 buwan ay maaaring bayaran sa kasalukuyang buwan.

July 2022 saw the launching of the (1) Flexible Payment Schedule and the (2) Contribution Subsidy Provider Program to help ensure the social security protection of the informal economy workers and other individually paying members. The former is a new contribution payment scheme that gives farmers, fisherfolk, and other self-employed individuals in the informal economy the opportunity to pay social security contributions for the past 12 months for full protection through the various benefit and loan programs of SSS. The latter, meanwhile, allows institutions, companies, or individuals to subsidize or fully pay for the contributions of selected SSS individual members, as a form of corporate social responsibility or a way of promoting solidarity and giving a helping hand to those who need it most.

AUGUST ►



The SSS in August 2022 received a Silver Play Button plaque from YouTube Creator Awards after its channel MYSSSPH reached 100,000 subscribers. Created in 2011, the pension fund's official YouTube channel contains a number of video compilations to keep members informed on SSS news and updates, as follows: (a) uSSSap Tayo Episodes, (b) Transact with SSS Online!, (c) What You Need to Know/SSS Reminders, (d) #eSSSkwela Vlogs and Webinars, (e) SSS Webinar Series, (f) 2022 SSS Financial Literacy Series, and (g) Here are Your SSS Benefits. At end-2022, MYSSSPH already has 124,539 subscribers, 2.8 million views, and 18.2 million impressions.

In August 2022, the SSS offered the Contribution Penalty Condonation, Delinquency Management and Restructuring Program for business employers and the Contribution Penalty Condonation and Restructuring Program for household employers. Through these programs, the SSS aims to assist employers in defraying their delinquencies by allowing them to pay unremitted contributions while condoning their accrued penalties.



SSS urges availment of contribution penalty condonation programs for delinquent employers

SPH

PHLSSS

MYSSSPH

MYSSSPH

MYSSSPH Updates



sss.gov.ph



SEPTEMBER ►

As part of its 65th Anniversary celebration, the SSS unveiled on September 12, 2022 its lobby exhibit featuring the milestones of the pension fund since its inception on September 1, 1957. Leading the ribbon cutting ceremony were SSS PCEO Michael G. Regino (center), SSS Corporate Services Sector Executive Vice President Elvira Alcantara-Resare (right), and SSS Luzon Operations Group Senior Vice President Antonio S. Argabioso (left).

In the spirit of volunteerism, the SSS, in partnership with the Philippine Red Cross, conducted a Blood Donation Activity in September 2022. The SSS Main Office, together with the NCR, Visayas, and Mindanao Groups held their respective bloodletting drives on September 16, while the Luzon Operations Group held theirs on September 14. The system-wide event yielded a total of 278 blood bags from qualified donors.



The SSS conducted simultaneous Members' Day programs in the NCR, Luzon, Visayas, and Mindanao on September 16, 2022, with the NCR leg held at the Marikina Sports Center. Highlight of the event was the awarding of cash prizes and e-certificates to the eight winners of the online contest dubbed "Ano Ang Kwentong SSS Mo?". In the photo are SSS executives led by PCEO Michael G. Regino with the grand prize winner Ms. Rosalie R. Baterbonia (3rd from right). Also offered to the attendees were health and wellness lecture, free medical and dental services, and free sampling of products by event partners.



September 21 was a day of fun, fellowship, and health awareness for a total of 278 retirement pensioners who attended the SSS Pensioners' Day at the covered court of Brgy. N.S., Amoranto, Quezon City. Some of the activities held were zumba/dance fitness party, raffle draws, free medical consultation, health and wellness talk, and a discussion on the overview of the Pension Loan Program.

Philippine President Ferdinand R. Marcos Jr. graced the 65th anniversary celebration of the institution at the SSS Building in East Avenue, Quezon City on September 30, 2022. With the theme, “*Kontribusyong Pinag-ipunan, Proteksyong Maasahan*,” the milestone celebration aimed to foster a better future through the values of work, save, invest and prosper. To commemorate this milestone, the SSS launched innovative programs such as the Contribution Penalty Condonation Programs for business and household employers, the Consolidated Loan Program with Condonation of Penalty for members, the Contribution Subsidy Provider Program, and Flexible Payment Scheme Schedule for farmers, fisherfolk, and other self-employed individuals in the informal economy. “*With programs like these, which are timely, sensitive, aware of the condition of our employees, the SSS has much reason to celebrate its 65th birthday because the job that you have been doing continues to be of great value to our people*,” said President Marcos.



One of the highlights of the 65th Anniversary Celebration on September 30 was the *Balik ng Bayan* (BnB) Awards. The SSS conferred a total of 12 BnB Awards under the Top Employer, Best Collection Partner, Best Disbursement Partner, Best Media Partner, and Special Citation categories. President Marcos lauded the awardees for the strong partnership they have formed with the SSS, and more importantly in helping the institution carry out its mission and vision. The BnB Awards was established in 1995 to honor individuals, employers, or organizations that significantly contributed to the SSS’ pursuit of its mandate. Photo shows the handing over of the certificate to one of the BnB awardees.

Below is the complete list of the 2022 BnB Awards winners:

1	Top Employer – Large Accounts Category	BDO Unibank, Inc.
2	Top Employer – Branch Accounts Category	Tahche Outsourcing Services, Inc.
3	Best Collection Partner – Bank Category	Metropolitan Bank and Trust Company
4	Best Collection Partner – Special Citation – Bank Category	Union Bank of the Philippines
5	Best Collection Partner – Special Citation – Non-Bank Category	CIS Bayad Center, Inc. (Bayad Center)
6	Best Disbursement Partner – Commercial Bank Category	Philippine National Bank
7	Best Disbursement Partner – Thrift/Rural Bank/Electronic Money Issuers Category	First Consolidated Bank
8	Best Disbursement Partner – Special Citation – PESONet Sending Financial Institution	Development Bank of the Philippines
9	Best Media Partner for Print	Business Mirror
10	Best Media Partner for Broadcast	DYBG 97.1 Ben FM
11	Best Media Partner for Media Personality	Dr. Hilda C. Ong
12	Best Media Partner for Print – Special Citation	Daily Guardian

Missed out on PRRP 5 and other past Loan Penalty Condonation Programs? Here's another chance for you to settle your outstanding loans.

CONSOLIDATION OF PAST DUE SHORT-TERM MEMBER LOANS WITH CONDONATION OF PENALTY

CHECK THE FOLLOWING GUIDELINES AND SEE IF YOU'RE QUALIFIED FOR THE
SSS CONSO LOAN
 STARTING **OCTOBER 4, 2022**
 THRU YOUR MY.SSS ACCOUNT!

OCTOBER ►

With the issuance of Circular No. 2022-022, the SSS started offering on October 4, 2022 the Consolidation of Past Due Short-term Member Loans with Condonation of Penalty, also known as the “Conso Loan.” Through this program, members with past due loans may settle their obligations in full or through installment.

The SSS signed on October 20, 2022 a Memorandum of Understanding (MOU) with the Cooperative Development Authority (CDA) to formalize its partnership with the latter in ensuring that cooperatives and their members will have access to social security protection through SSS membership. The MOU signing coincided with the celebration of the National Cooperative Month, as declared under Republic Act No. 11502, which aims to promote the conduct of activities and programs that uplift the principles and values of cooperatives and encourage cooperative movement. The MOU signing ceremony was held the SSS Main Office with SSS PCEO Michael G. Regino and CDA Undersecretary and Chairman Joseph B. Encabo (3rd to 4th from left), together with other SSS and CDA executives.



The SSS, through another MOA signing held on October 20, 2022 at the SSS Main Office in Quezon City, officially welcomed RCBC as its newest ally in making every SSS member a part of the financial system through the production of the UMID Pay Cards. Aside from the MOA, SSS and RCBC officials, respectively led by PCEOs Michael G. Regino and Eugene S. Acevedo, also signed the Confidentiality and Non-Disclosure Agreement and Data Sharing Agreements to protect the biometric data and personal information of SSS members to be used in producing the UMID Pay Cards.

DECEMBER ►

The OFW Day Program was held on December 6, 2022 at the SSS Ramon Magsaysay Hall to promote social security coverage to overseas Filipino workers (OFW). In his speech, PCEO Michael G. Regino said that the SSS pension means a lot for OFWs especially when they return to the country after their working years and that the institution is committed to realize its thrust of securing every working Filipino. Also in attendance to give messages to the attendees were Department of Migrant Workers Secretary Susan V. Ople, Officer-in-Charge of the Commission on Filipinos Overseas Undersecretary Abdulgani M. Macatoman, Department of Trade and Industry Division Chief Elma P. Viray, SSS Benefits Administration Division Vice President Joy A. Villacorta, and SSS OFW Management Department Head Francis P. Lazaro.



The SSS on December 15, 2022 held a press conference for the formal launching of the Workers' Investment and Savings Program (WISP) Plus, which is a voluntary provident fund or retirement savings scheme exclusive for SSS members. WISP Plus is the pension fund's newest savings offering on top of the regular SSS contributions and is anchored on the values of work, save, invest, and prosper as enshrined in the SS Law. Present during the said event to answer queries from the media were (from left) SSS Benefits Administration Division Vice President Joy A. Villacorta, SSS PCEO Michael G. Regino, SSS Investments Sector Executive Vice President Rizaldy T. Capulong, and SSS Actuarial and Risk Management Group Senior Vice President Edgar B. Cruz.

SSS: JOURNEY TO STRONGER SOCIAL PROTECTION

The year 2022 marks SSS' 65th year anniversary. Six and a half decades of unwavering commitment to its Mandate of providing universal and equitable social protection through world-class service. Given this relatively long journey, it is but interesting to look back at how SSS has successfully met the constant challenge of finding the right balance among universal coverage, benefit adequacy, and long-term sustainability amidst the changing economic conditions, demographic pressures, and shifting needs of SSS members. It is also worthy to prudently look forward on how SSS can keep a strong and steady course to the future, and consider possible reforms that will further strengthen the financial health of SSS.

Dynamism to Deliver Adequate Benefits

By and large, a social protection scheme like the SSS is designed to redistribute income considering the principle of social solidarity. It is intended to reduce overall poverty and to provide an adequate floor of protection for all, regardless of generation and socio-economic class. This means that SSS must consistently meet the basic needs of any individual in times of life contingencies, most especially during retirement.

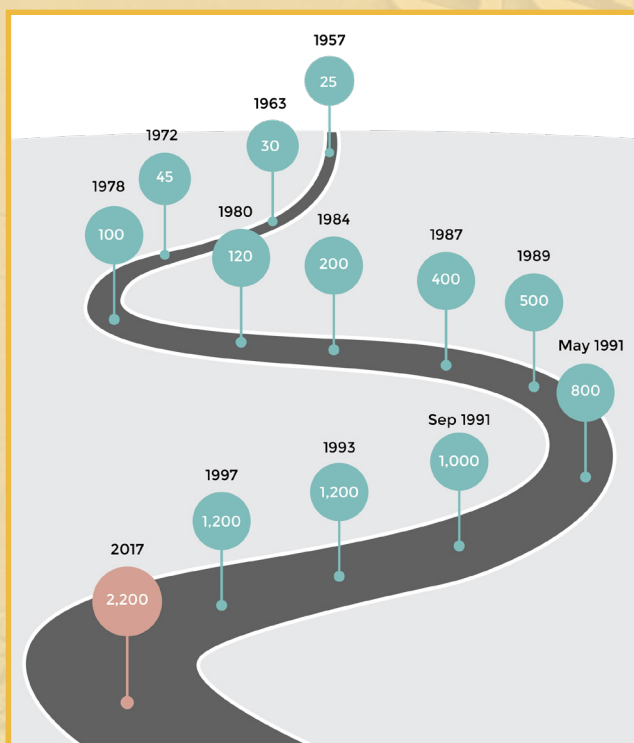


Figure 1. Historical Minimum Retirement Pension (in Philippine Peso)
Source: History of Minimum Pension Report, Statistics and Data Analysis Department

Demonstrating its commitment of ensuring an adequate floor of protection, the SSS has constantly made considerable efforts to improve its benefits so that pensioners are able to cope with changing economic conditions throughout the years. This is best exemplified by the historical enhancements to pension levels. It can be noted from Figure 1 that SSS started with a minimum retirement pension of merely ₱25 in 1957, which gradually increased to ₱1,200 by 1997. By 2017, an additional monthly benefit amounting to ₱1,000 was granted to all pensioners, essentially pushing the minimum retirement pension to ₱2,200. It is also interesting to note that since the 1980s, SSS has already implemented 24 across-the-board increases vis-à-vis only 6 contribution rate increases, as depicted in Figure 2.

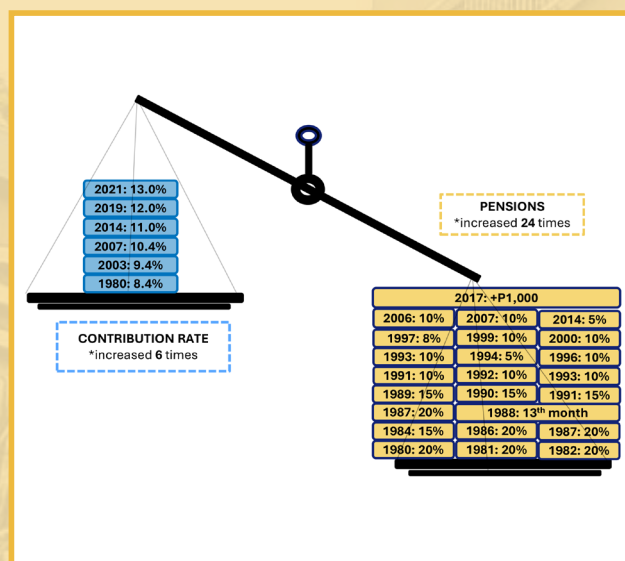


Figure 2. Across-the-Board Pension Increases vs. Contribution Rate Increases since the 1980s

Sources: Contribution Rates Report and History of Pension Increases Report, Statistics and Data Analysis Department Analysis Department

Another dimension that illustrates SSS' serious commitment to reduce poverty and to meet the basic needs of its pensioners is how the average pension constantly remained superior to the national poverty threshold, as shown in Figure 3. For the past 10 years, SSS has been able to provide retirement pensions that are, on the average, 105.1% higher than the poverty threshold. It is also worthy to note that the SSS average retirement pension even surpasses the global poverty line (GPL). Effective September 2022, the World Bank puts the GPL at \$2.15 per day¹, which is roughly equivalent to P120 per day or P3,600 a month. Meanwhile, the SSS average monthly retirement pension in 2022 is ₱4,901, which is 36% higher than the GPL.

¹The World Bank, Fact Sheet: An Adjustment to Global Poverty Lines [website], <https://www.worldbank.org/en/news/factsheet/2022/05/02/fact-sheet-an-adjustment-to-global-poverty-lines>, (accessed 11 August 2023).

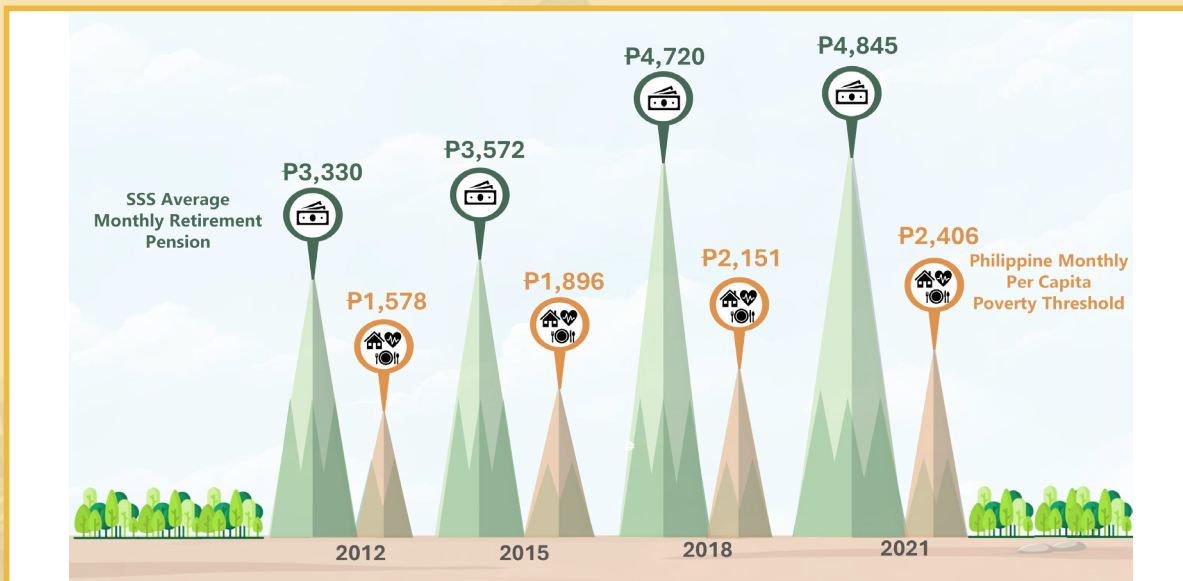


Figure 3. Philippine Monthly Per Capita Poverty Threshold vs. SSS Average Monthly Retirement Pension 2012-2021 (in Philippine Peso)
Sources: SSS Facts and Figures; Various Philippine Poverty Statistics 2012-2021, Philippine Statistics Authority

Even with pensions that can be considered sufficient on the average, sentiments for higher pensions still ensue as the focus remain solely on the absolute amount of pensions. The fact that social security is meant to be supplemented by other pillars of protection, such as personal savings, is often overlooked. With the said premises, SSS then eagerly initiated some voluntary savings programs such as the Flexi-Fund and the Personal Equity Savings Option (PESO) Fund, that can supplement the regular social security program. However, with the advent of Republic Act (RA) No. 11199 or the Social Security Act of 2018, these supplemental savings programs have been statutorily embedded to the scheme design of SSS. Since a mandatory and a voluntary provident fund have been legislated, the Workers' Investment and Savings Program (WISP) and the WISP Plus were set into motion to help members save better. These endeavors demonstrate how SSS has been dynamic enough in building programs that will deliver more sufficient benefits that better suit the needs of its members.

Striving for Stronger Sustainability

Along with ensuring adequate benefits to its members, SSS also has a fiduciary duty to protect the sustainability of the Social Security Fund (SSF), making sure that all benefits promised today and in the future are paid as they fall due.

In terms of short-term sustainability, SSS has a proven track record of strong financial capacity in meeting its current obligations. Figure 4 shows that for the past 10 years, revenues grew at a compounded growth rate of 9% per year while expenditures at 11%. But SSS has not failed in meeting its current obligations as its yearly revenues constantly remained well-above its yearly expenditures. It is also worthy to note that SSS has constantly put efforts to control its operating expenses (OPEX). The statutory limit for OPEX is at 12% of contributions plus 3% of other revenues. However, for the past 10 years, SSS has never even breached even half of the 12% limit. Data even shows that OPEX to revenues generally declined over the years, proving how SSS puts greater regard in improving its efficiency to provide its promised benefits to its members.

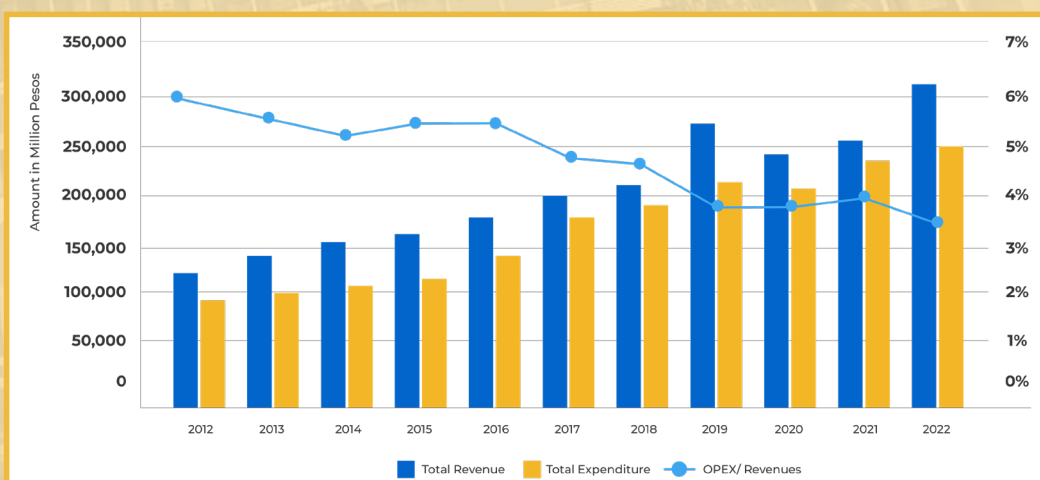


Figure 4. Revenues, Expenditures, OPEX to Revenues
Sources: Various SSS Annual Reports 2012-2022

Meanwhile, long-term sustainability is more difficult to quantify and to address because it depends on more complicated factors, taking into account the ever-changing economic and demographic environment. Two metrics used to give an indication of long-term sustainability are Fund Life (FL) and Unfunded Liability (UL). Table 1 presents the historical FL and UL since the 1999 Actuarial Valuation (AV).

Table 1. Historical Fund Life and Unfunded Liability (amounts in Trillion Pesos)
Sources: Various published and updated SSS Actuarial Valuation Reports 1999-2019, Actuarial Services Division

Categories	1999AV	2003AV	2007AV	2011AV	2015AV	2015AV (with P1,000 additional benefit)	2015AV (with P1,000 additional benefit, EMLL*, RA 11199)	2019AV
Year at which SSF will last	2015	2031	2039	2043	2042	2032	2044	2054
Fund Life in years	16	28	32	32	27	17	29	35
Unfunded Liability (valued at 12/31/2020 at 6% discount rate)	6.7	2.5	3.7	4.5	4.6	6.2	5.3	4.63

*Expanded Maternity Leave Law

For the given period, it is worth noting that the highest UL recorded was ₱6.7 Trillion from the 1999 AV. At that time, the SSF was projected to last only until 2015, a threatening 16-year FL. The short FL and high UL at that time were mainly brought about by several benefit enhancements without any definite funding or corresponding contribution rate increase, previously shown in Figure 2.

Since then, corrective actions have taken place, and several reforms were implemented to strengthen the Fund. Among these reforms and actions were increases in contribution rates and maximum monthly salary credits (MSCs), enhancement to the pension formula such the redefinition of the credited years of service, and other operational developments. By the 2003 AV, the FL and UL have significantly improved; with FL increasing from 16 years to 28 years, and UL decreasing by 62.5% from ₱6.7 Trillion to ₱2.5 Trillion.

Another detrimental threat to the SSF happened when an additional P1,000 benefit was implemented for all pensioners effective 2017. Due to this benefit enhancement without corresponding funding, the FL was shortened to 17 years, and the UL increased to ₱6.2-Trillion. However, RA 11199 set the motion to a stronger SSS. With the support of the contribution and MSC hikes in RA 11199, the FL increased by 12 years, from 2032 to 2044;

and the UL decreased by 15.1%, from ₱6.2 Trillion to ₱5.3 Trillion.

The latest officially published 2019 AV also marks an improved fund life of 35 years, and a UL that is 12.6% lower, from ₱5.3 Trillion to ₱4.6 Trillion. However, these changes are due to the higher increase in actual number of paying members in the recent years, compared to what was projected previously.

Reforms Must Still Continue to Safeguard SSS' Sustainability

Looking back, historical data evidently shows that SSS has always been proactive in ensuring a sustainable SSF that will last across generations. Even with unavoidable threats at times, SSS has competently managed to mitigate the risks of such challenges by implementing necessary reforms and corrective actions.

Looking forward however, there are still much left to do to keep a steady path to sustainability. With evolving economic and demographic environment, further reforms are still necessary for SSS to continuously provide meaningful benefits while maintaining a Fund that is financially sustainable. In a 2016 World Bank (WB) Study² specifically made for SSS, the WB recommended reform packages to strengthen SSS' sustainability. Some of the reforms are also recognized in the latest official 2019 AV, and are backed up by actuarial studies:

Increase the Retirement Age



Population aging has been identified by the International Social Security Association as one of the top 10 global challenges for social security³. Fertility rates are on decline while life expectancies are increasing, which means that there will be fewer workers supporting the needs of pensioners. As a result, there will be a net increase in benefit disbursements. By raising the retirement age, benefit payment period for retirees can be maintained, and financial sustainability of the SS fund can be improved. A good number of social security institutions from various countries have already implemented increases in retirement age. It will be prudent for the Philippines to follow suit.

Reform the Pension Formula

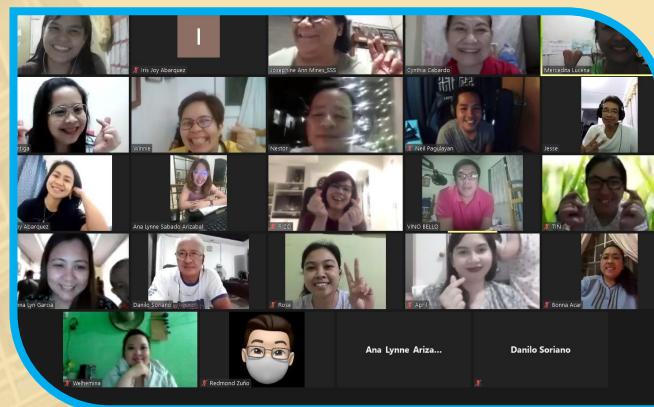


Reforms concerning the SSS Basic Monthly Pension (BMP) formula are primarily intended to strengthen the link between contributions and benefits. Specific reforms seen to improve this link are (1) Redefinition of the Average Monthly Salary Credit; and (2) Harmonization of the BMP formula. These pension formula reforms are deemed to increase incentives for longer scheme participation, and to mitigate the risk of adverse selection particularly in retirement benefit claims.

²World Bank. Republic of the Philippines Review of the Social Security System: Considerations for Strengthening Sustainability and Coverage, 2016, <https://documents1.worldbank.org/curated/en/328641466736355290/pdf/Philippines-Pension-Report-6-23-2016-2-clean-FINAL.pdf>, (accessed/retrieved 17 August 2023).

³International Social Security Association. 10 Global Challenges for Social Security: Developments and Innovation, 2019, <https://www.issa.int/sites/default/files/documents/publications/2-10-challenges-Global-2019-WEB-263629.pdf>, (accessed/retrieved 11 August 2023).

STRENGTHENING THE SSS COMPETENCY LEVEL THROUGH EMPLOYEE ENGAGEMENT PROGRAMS



The Social Security System (SSS) through its Human Resource Services Division (HRSD) has implemented several interventions since 2022 to continuously help the System achieve the target deliverables vis-à-vis the organization's mission and vision. The interventions also aim to assist the workforce cope with challenges of the COVID-19 pandemic then, boost their morale as public servants by equipping them with the appropriate set of knowledge, skills and attitude, as well as to continuously improve the competency levels of officials and employees.

SSS Competency Assessment Report

The SSS annually conducts an organization-wide competency assessment. The FY 2022 assessment is crucial as the Governance Commission for GOCCs (GCG) included the "Improvement on the Competency Level of the Organization based on the 2021 year-end Assessment" as a provision in the SSS scorecard.

The HRSD, specifically the Performance Management and Employee Relations Department (PMERD), partnered with the Information Technology Management Group to simplify the assessment process and developed a digital platform that would be more accessible and user-friendly to the employees thru the MS Power App. Through this platform, data was easily generated since all responses were extracted from the Database of Individual Competency Ratings.

A total of 6,313 SSS employees completed the assessment. The responses were analyzed vis-a-vis the baselines from FY 2020-2021, using the GCG Competency Model and the SSS Competency Assessment System's existing formula. Below are the results:

Baseline Level	2021	90.29%
	2022	91.01%

Based on the table above, there is an increase of 0.72% in the 2022 competency level from the result in 2021, which may be attributed partly to existing and new employee engagement programs.

Employees who received a 3.00 and below rating were given necessary training and non-training interventions (e.g., mentoring program, job rotation, job shadowing, etc.) to help improve their competencies.

Employee Engagement Programs

Communication is the key in employment engagement. The System has always looked for ways to strengthen communication lines among its employees and promote a two-

way communication and not just top-down approach. Among its communication interventions are:

HR-ACCESS QUARTERLY MEETINGS – This serves as a regular venue for dialogue between the union (ACCESS) and the HR Heads (representing the Management).

WORKPLACE HUDDLES – Started in 2020 after the onset of the COVID-19 Pandemic when face-to-face meetings were prohibited, departments and branches were encouraged to have a regular online meeting with their respective employees to talk about work challenges, best practices, and other topics even outside of work, to continue having social interactions.

EMPLOYEE MENTAL HEALTH AND SATISFACTION SURVEYS – The Surveys were designed to give the Management a general view of the mental health status of the employees vis-à-vis their level of job satisfaction. In the 2022 Mental Health and Satisfaction Survey, a total of 6,095 employees (90.92%) responded. The results of the Survey helped HRSD in developing the necessary interventions, for those needing them most.

Through appropriate and timely feedback, employees can improve their output and outlook at work. These HR interventions aim to gather feedback and spread "positivities."

KUDOS BOARD – This HR intervention aims to encourage employees to share short positive thoughts, messages to appreciate others' work, compliments to fellow employees for a particular program.

POSITIVE FEEDBACK MECHANISM – An employee may, through a Microsoft Teams-based online Form, give more extensive positive feedback on a program, a co-worker, an officer, or any other work-based elements.

SHARING POSITIVITIES – Gathers feedback, comments or shared experiences of employees on a specific theme or subject.

Among the volunteer activities organized by the HRSD through the years include:

CHRISTMAS DONATION DRIVE – Held in coordination with the SSS Volunteer Group, the HRSD spearheaded the 2022 Christmas Outreach Activity that was conducted simultaneously nationwide. Both in-kind and cash donations from officials and employees were turned over to chosen DSWD-accredited charitable institutions.

BLOOD DONATION ACTIVITY – For the year 2022, two blood donation activities in SSS were held: May 06 (in partnership with Veterans Memorial Medical Center) and September 16 (in partnership with Philippine Red Cross). A total of 372 units of blood were collected from SSS employees and service workers in both activities.

PREPARING FOR THE FUTURE OF SSS

The SSS Management, through the HRSD, has looked into ways to ensure leadership and management continuity through its **SSS Succession Management Program**.

As of 31 December 2022, there are 218 employees identified as “active potential successors” who have been provided with at least one formal training program (Supervisory/ Managerial, Foundation and Technical Trainings). Among these active potential successors, 126 have expressed aspirations for promotion and 81 were categorized as “High Potential Successors” based on their performance-potential assessment.

Among the **active potential successors**, 165 were considered “ready now” since they are already possessing the required qualifications for the intended higher positions, while the remaining 53 were labeled as “not yet ready” due to the lack of the required masteral degree, while some fell short of the required years of experience.

Nevertheless, these were noted and complemented through the developmental interventions led by the Learning and Development Department (LDD) and PMERD by providing technical/supervisory/ managerial training programs, as well as mentoring programs.

Continuous evaluation to these individuals is done through the Leadership Competency Assessment Test that aims to assess the readiness of the identified participants to their prospective positions and to identify their strengths and areas for improvement.

Without a doubt, these interventions of the Management which focused on communication, feedback, sharing positivities, getting involved and ensuring continuity of leadership and management have truly helped boost the morale of the employees, increased the competency level of the workforce and strengthen the corporate values of Trust, Empowerment and Teamwork.

MAKING A FRESH START THROUGH SSS CONDONATION PROGRAMS

Three years ago, Republic Act No. 11199 otherwise known as the “Social Security Act of 2018”, was signed into law to strengthen the long-term viability of the SSS. In response to its fiduciary obligations, the SSC approved condonation programs to collect delinquent contributions of employers and past-due loans of member-borrowers.

Contribution Penalty Condonation Delinquency Management and Restructuring Program (CPCoDe MRP)

In August 2022, the SSS launched the Contribution Penalty Condonation Delinquency Management and Restructuring Program (CPCoDe MRP) to provide employers with more amicable payment methods for their past-due contributions to restore their employees’ eligibility to the seven benefit programs of the SSS, as well as loan privileges.

The CPCoDe MRP covers all SS contribution delinquency starting from the actual date of operations of an employer.

As of December 31, 2022, the SSS approved a total of 608 CPCoDe MRP applications from employers with combined delinquencies of ₱160.4 Million, of which, ₱38.0 Million are condonable penalties. Their compliance will benefit around 7,010 employees. The SSS has so far collected ₱46.3 Million from the said employers. Prior to this, the SSS recorded 642 approved applications from business and household employers under the PRRP 2. The combined delinquencies of these employers reached ₱493.2 Million, wherein ₱48.6 Million are condonable penalties.

Contribution Penalty Condonation and Restructuring Program (CPCR-P)

Household employers also encountered financial struggles at the height of the pandemic and ended up being delinquent because they failed to register their *kasambahays* and remit their Social Security (SS) and Employees’ Compensation (EC) contributions to the SSS. As a result, househelpers cannot avail of the various benefit programs that they are entitled to.

In response to this, household employers were given an opportunity to settle their unpaid contributions and penalties, through the Contribution Penalty Condonation and Restructuring Program (CPCR-P) which was launched on September 15, 2022.



“Employees are always our top priority. Sadyang ang business ay may ups and downs,” said Cristina Atas, an accounting and finance head for an SSS-covered employer whose operations have been affected by the pandemic.

“Very timing ‘yong offer and gusto na rin namin talagang ma-update ‘yong records ng employees and mabayaran ‘yong mga kakulangang contribution... Napakabilis ng proseso, walang kahirap-hirap,” Atas said referring to the SSS condonation program.



“Maganda ‘yong naging program nila na nagkaroon ng tulungan yung employer ‘tsaka ‘yong SSS during this time ng pandemic,” said Noemi Desucatan, an employee of another company that availed of an SSS condonation program.



Mario Daray from Davao City is thankful that his outstanding obligation was reduced to around ₱18,900, because his accumulated penalties of about ₱12,800 were completely waived.

"Malaking tulong ito para sa akin dahil malaki ang nabawas sa dapat kong babayaran. Sa mga gaya kong Household Employers who were not able to settle their accounts with the SSS, I encourage you to come to their office and avail of this condonation program. Malaking tulong talaga and you will save a lot. I am grateful to SSS for giving us the opportunity in being one of the recipients of this program because I was relieved of the big amount which I had to settle initially. Nakatulong pa din ako sa aking Kasambahay. Maraming salamat at mabuhay kayo!"

As of December 15, 2022, 61 household employers availed of the Contribution Penalty Condonation and Restructuring Program with an initial collection of ₱3.42 Million and condoned penalties of ₱2.08 Million. Sixty seven percent or 41 employers paid in full while the remaining 33 percent or 20 employers availed of the installment terms.

Penalty Condonation Program for Housing Loans (PCPHL)

The Penalty Condonation Program for Housing Loans (PCPHL) was implemented from October 1, 2022 to December 31, 2022 and extended up to February 28, 2023 to assist delinquent housing loan borrowers, their legal heirs, or designated successor/s-in-interest in settling their past-due loan obligations while enabling them to retain ownership of their properties by waiving their accumulated penalties.

As of 31 December 2022, 520 housing loan account owners availed of the program with total collection of ₱119.41 Million and condoned penalties of ₱509.27 Million.

Ms. Cely Pangilinan, an avalee of the PCPHL, expressed her heartfelt appreciation to the SSS for launching this program. She shared her experience, describing how the program has completely helped her and her family in maintaining their property.



According to Cely Pangilinan, ***"Malaki ang naitulong ng SSS sa amin, nabunot na 'yung tinik ko sa dibdib, tapos nakakahinga na rin ako nang maluwag. Sadyang napakalaking grasya o biyaya ang binigay sa aming pamilya ng SSS at alam ko sa darating na panahon, may bahay na akong maipamamana at maiiwan sa aking mga anak. Mabuhay at maraming salamat, SSS!"***

Consolidation of Past Due Short-Term Member Loans with Condonation of Penalty (Conso Loan Program)

The SSS understands the plight of its members who might have lost their jobs, or whose working hours were reduced because of the pandemic. To extend a helping hand to these members, SSS offered a loan penalty condonation program called Consolidation of Past Due Short-Term Member Loans with Condonation of Penalty (Conso Loan Program).

The Conso Loan Program was officially introduced on October 4, 2022 to assist members in settling their unpaid short-term member loans through flexible payment terms with condonation of penalty and allows them to apply for a new loan once fully settled within the approved term. The SSS strongly encourages members to take advantage of this opportunity and apply while the Program is still available.

Under the Program, SSS shall combine the principal and interest of a member's past-due short-term member loans into one consolidated loan, while all unpaid penalties shall be consolidated and condoned upon full payment of the consolidated loan.

From October 5 to December 15, 2022, SSS condoned over ₱2.17 Billion worth of penalties, which benefitted more than 165,000 member-borrowers. SSS was also able to collect loan payments amounting to more than ₱755 Million.

Payment Term		AVAILMENT			COLLECTION		% COLLECTED	
		No. of Accounts	Amount (In Pesos)	Condonable Penalty (In Pesos)	No. of Accounts	Amount Paid (In Pesos)	No. of Accounts	Amount Paid
One-time payment (OTP)	19%	32,243	541,393,063	450,172,531	24,254	410,162,380	75.22%	75.76%
Installment	81%	133,271	3,382,049,091	1,716,821,502	77,440	345,070,187	58.11%	10.20%
Downpayment			492,283,497			289,565,640		58.82%
For installment		133,271	2,889,765,594	1,716,821,502	77,440	55,504,547	58.11%	1.92%
TOTAL		165,514	3,923,442,155	2,166,994,033	101,694	755,232,567	61.44%	19.25%
Target Oct 5 to Dec 31, 2022		232,201	3,364,840,000	2,584,070,000				
Accomplishment 2022		71.28%	116.60%	83.86%				
No. of days in implementation		45			NOTE: 14,180 members out of 77,440 started paying their Conso Loan installment amortization			
Average Daily Applicants		3,678 members						
Defaulted Conso Loan		36,538 members: 4,020 from OTP 32,518 from installment	₱897,605,623.62 ₱67,224,542.18 from OTP ₱830,381,084.44 from installment		6,051 members out of the total 36,538 defaulted accounts re-applied for Conso Loan in the amount of ₱150,809,933.16			

Source: ISD III

RELENTLESSLY PURSUING SOCIAL SECURITY COVERAGE OF ALL SELF-EMPLOYED WORKERS

Since the COVID-19 Pandemic of 2020 and the economic disruption that it caused, there has been a steady rise in self-employment. Those who lost their formal employment moved towards entrepreneurship or “freelancing”, while others ventured into transportation and delivery/courier work. Meanwhile, the agricultural and fisheries sectors remained major sources of livelihood for workers in the provinces.

In 2022, SSS relentlessly pursued social security coverage of self-employed workers through the following activities and means:

1. Partnership arrangements;
2. Coverage drives / outreach activities;
3. Online platforms;
4. Information / educational campaign; and
5. Branch network of SSS.

Partnership arrangements

Realizing that many self-employed workers are connected either through a government agency, an association, a cooperative, or similar aggregation, the SSS pursued them through partnerships with these groups.

By end of 2022, SSS successfully partnered with 82 cooperatives/organized groups resulting in the social security registration of 473,378 self-employed workers. SSS also partnered with 2,209 government agencies for the social security coverage of their job order/contract of service (JO/COS) workers as self-employed, resulting in the SSS registration of 368,802 JO/COS workers. Other partnership arrangements with informal sector groups, professional associations, and contribution subsidy providers resulted in the registration of 56,603 self-employed workers.

As of end-2022, these partnership programs have registered 898,783 self-employed workers with SSS.

Coverage drives / Outreach activities

With community quarantines easing in 2022, SSS resumed face-to-face coverage efforts targeting self-employed workers all over the Philippines. By actively seeking out groups or places where there are many self-employed workers, or through invitation by such groups, SSS would travel near and far to facilitate their social security coverage. It also brought needed resources such as laptops, internet connectivity, SSS forms/flyers, and manpower for on-the-spot social security registration and assistance on SSS transactions.



SSS in social security coverage drive for Best Active Tricycle Operators and Drivers Association (BATODA) in Sta Rosa, Laguna on 18 Oct 2022.



SSS in social security coverage drive for farmers, plant growers, grassroot cutters, and sidewalk vendors in Cuenca, Batangas on 23 Oct 2022.



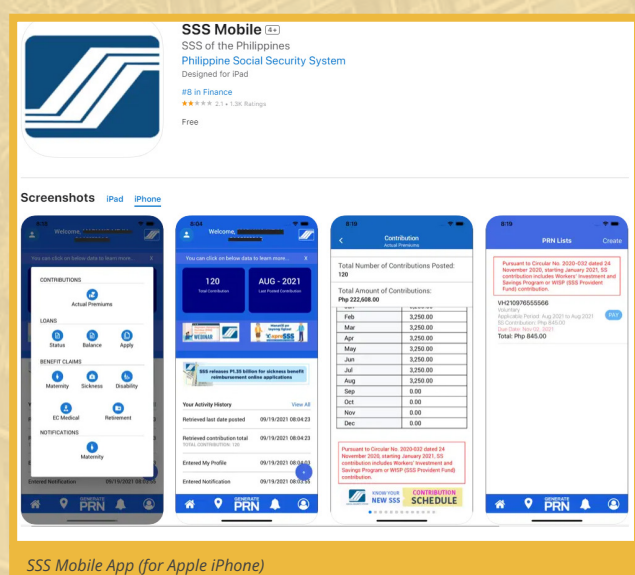
SSS coverage drive for architects of United Architects of the Philippines (Baguio Chapter) held in Baguio City on 19 Nov 2022.

Online Platforms

Self-employed workers can access and transact online by registering and creating a My.SSS account through the SSS website (www.sss.gov.ph) or through the SSS Mobile App.



Landing page of SSS website (www.sss.gov.ph)



SSS Mobile App (for Apple iPhone)

With a My.SSS Member Account, self-employed members can view their records, generate a Payment Reference Number for paying contributions or loan amortizations, apply for benefits and loans, among many other transactions.

SSS also pursues social security coverage of self-employed workers through online meetings.



SSS in online coverage drive for Rapido riders on 18 Oct 2022.

Information / Educational campaign

Traditional information / educational campaign via print, radio, and television together with social media-based campaigns were implemented by SSS for nationwide reach to all self-employed workers.

In 2022, the “uSSSapTayo” Facebook Live featured several episodes on Self-Employment as means to support information dissemination on SSS announcements, programs, and updates.

Branch network of SSS

Finally, SSS branches remain present all over the Philippines to also serve self-employed workers, while branch personnel also held coverage drives.

As of end-2022, self-employed members numbering 3.35 million make up 8.0% of total SSS membership. There is certainly plenty room to cover more.

Thus, the above coverage programs are continuously being reviewed and enhanced, and new ones developed, towards better and wider coverage of self-employed workers in the Philippines. As these workers only have themselves to rely on, the SSS is determined to make their registration, contributions payment, and availment of benefits and loans as convenient and accessible as possible.

ANO ANG KWENTONG SSS MO?

65 YEARS OF MAKING PEOPLE'S LIVES BETTER

Since the establishment of the SSS in 1957, its mandate has been to provide social security protection to Filipino workers.

Over the years, the coverage of SSS has expanded from employed workers in the private sector to self-employed individuals to *kasambahays*, to Overseas Filipino Workers, and now pushing to cover all informal economy workers up to the last-mile communities.

The goal of registering up to the last eligible Filipino worker is to ensure adequate social security protection against different contingencies that may result in loss of income and financial burden, as SSS aims for every Filipino individual to have a “*kabalikat*” in times of need.

These stories have not gone to waste as several members and pensioners gladly shared their experiences of how the SSS has helped them during times when they felt like they had no one to run to.

In Sickness and In Health

Getting sick and not having enough financial means is a bad situation. Making it worse is being diagnosed with cancer, in the middle of a pandemic. **Meynard Guiterrez** of Laguna shared how SSS has helped him by providing sickness and disability benefits.



“Ang SSS po ay nakatulong sa akin noong ako ay ma-diagnose ng cancer. At that time, walang-wala ako. ‘Di ko alam kung ano ang gagawin ko. May nagsabi sa akin na mag-apply daw ako sa SSS ng Sickness o Disability Benefit.

Hindi ko talaga inaasahan at nagulat din po ako at nandyan talaga ang tunay at totoong benepisyo ng SSS. Nag-apply ako ng Sickness benefit at mayroon akong nakuha. After noon, nag-apply naman ako ng Disability benefit.

Tuwang-tuwa ako noon kasi nag-partial disability pension ako for about six months. Pinanggastos ko sa chemotherapy at radiation treatments ko, at ipinangbayad sa nagbantay sa akin.

Panahon pa iyun ng COVID, kaya ang laki po ng tulong sa akin ng SSS financially dahil ito ang nag-support sa akin. Nag-worry ako dahil maliit yung naihulog ko, tapos nag-stop pa ako sa paghuhulog at hindi dire-diretso. Pero someone came up at sabi po sa akin, ituloy ko ang paghuhulog ng SSS ko. Tinulungan po ko mag-update. Sa ngayon, diretso na po ang paghuhulog ko sa SSS.”

For sidewalk vendor **Dominador Barreto** of Zamboanga, his SSS disability pension helped him recover from debilitating illness.



“Malaki ang pasasalamat ko sa SSS dahil nakatanggap ako ng pension sa loob ng isang taon. Tuwang-tuwa ako sa mga benepisyong natanggap ko dahil nabayaran ko rin ang aking utang. Pinahaba din ng Panginoon ang buhay ko. Naaalala ko ang unang pagbisita ko sa SSS, sakay ng aking wheelchair. Ngayong ako ay nakakalakad nang muli, bumibisita pa rin ako sa SSS upang pasalamatan ang mga taong tumulong sa akin doon at sumagot sa aking mga pangangailangan.”

In Good Times and In Bad

Being a single parent takes a lot of courage, strength, and resilience – an example of which is **Lorna Capuyan**, a single mother from Cebu, who still chose to continue her SSS membership despite being the sole provider of her two kids.



"I was able to avail myself of the Calamity Loan from SSS years back. Unfortunately, I wasn't able to settle it within the term due to financial constraints. When my husband died, I received the Funeral and Death benefits from SSS. It was also the time when SSS offered the loan condonation program. So, I applied for it as well. These programs and benefits from SSS helped me and my family a lot. As a single parent, I strive to raise my kids well and provide them with a good education. SSS was with me during those times. Now, two of my children are already professionals. Thank you SSS for being there with us especially during the time when we needed help."

Relying on SSS Through the Years

While some SSS members have availed themselves of only two or three benefits throughout their working years, **Rosalie Rivera-Baterbonia** of Quezon City shared how SSS has helped her and her family through the years by being eligible for different benefits and privileges offered by the system.



"Taong 1991 nang maging SSS member ako. Napakaraming tulong ng SSS sa buhay ko. Nandyang ang Educational Loan para mapaaral ang mga kapatid ko. Ang first Salary Loan ko, idinagdag sa puhunan ng nanay kong may maliit na karinderya. Nagkasakit ako dahil sa over-fatigue kaya lumiban ako sa trabaho at pinagpahinga ng 15 days, ngunit nabayaran ako dahil sa Sickness Benefit. Nagkaroon ng unos kaya nag-apply ako ng Calamity Loan. Nag-asawa ako't nagkaroon ng apat na mga anak. Sa tulong ng SSS, nakakuha ako ng Maternity Benefit sa kanilang lahat. Nang mag-COVID 19 pandemic, malaking tulong ang naibigay ng SSS sa tulad kong naapektuhan ang trabaho. Limang taon na lang ang hinihintay para naman sa Retirement pension ko. Salamat SSS, sa pag-agapay mo sa buhay ko!"

Having experienced first-hand how contributing to SSS pays off in times of need, these SSS members are living proof that registering and religiously paying their monthly contributions to the system pays off in the end.

Truly, SSS holds up to its 65th Anniversary slogan: *"Kontribusyong Pinag-ipunan, Proteksiyong Maaasahan."*

Help in the Time of Pandemic

The COVID-19 pandemic turned people's lives and livelihoods upside down. But for SSS members, help was on the way through the Small Business Wage Subsidy program of the national government. **Julie Ann Layola**, with the help of SSS, survived the pandemic and all its challenges.



"Taong 2020 nang sinubok kami dahil sa pandemiya. Nagsara ang pinapasukan kong opisina, samantalang natigil ang pamamasada ng aking asawa. Hindi namin alam paano kami mabubuhay dahil may tatlo kaming anak, ang isa ay may hydrocephalus pa. Sa tulong ng Small Business Wage Subsidy na idinaan sa SSS para sa mga nawalan ng trabaho, nakatanggap ako ng P16,000. Nakapagsimula kami ng maliit na prutasan sa gilid ng bangketa. Nakapag-Calamity Loan din ako na idinagdag ko sa puhunan namin. Mabilis ang proseso at agad ito pumasok sa bank account ko. Maraming salamat, SSS, napunuan ang gastusin namin at napalago ko ang aking negosyo!"

ACCOMPLISHMENTS OF THE SOCIAL SECURITY COMMISSION (SSC)

In 2022, the SSC adeptly managed the lingering constraints and effects of the COVID pandemic and the organizational challenges experienced by the SSS. Valuing the trust and strengthening the confidence of members in the SSS, the SSC approved proposals/recommendations on programs that were critical to the members' well-being, while it maintained thoughtful attention to the digital transformation of the institution, various investment opportunities, the development of its personnel, good governance, and active cooperation with other agencies.

Corporate social responsibility: impacting the lives of stakeholders. The SSS has a strong corporate social responsibility objective that is focused on the interests of its stakeholders. Thus, the SSC approved various recommendations to provide relief to employers and individual members affected by the Pandemic and other calamities, to address the clamor of members who were not able to avail themselves of loan condonation programs, and to assist delinquent member-borrowers in general. These include the following:

1. Extension of deadline for remittance of contributions in areas affected by Typhoon Odette;
2. Extension of availment period for the Pandemic Relief and Restructuring Program (PRRP) 4 and PRRP 5;
3. Contribution Penalty Condonation and Restructuring Program for Household Employers;
4. Contribution Penalty Condonation, Delinquency Management, and Restructuring Program for Business Employers; and
5. Penalty Condonation Program for Housing Loans.

Programs on member welfare and services: caring for the members. The SSC upheld the primacy of the members, particularly in ensuring members' convenience in the design of various programs that it approved in 2022. Among these were:

1. Circular on the issuance of Social Security Number to Claimants/ Beneficiaries/Guardians who are not SSS members;
2. Circular on the online filing of Social Security and Employees' Compensation Death Benefit claim through the My.SSS Portal;
3. Amendments to the guidelines of the Pension Loan Program (PLP);
4. Circular on the transition of the SSS Peso Fund Program and SSS Flexi-Fund Program for overseas Filipino workers (OFWs) to the NVFPF;
5. Recommendations on the Mandatory Provident Funds – Workers' Investments and Savings Program (WISP) Fund and Employees Compensation (EC) Fund;
6. MOA and Data Sharing Agreement between SSS and the Union Bank of the Philippines for the enhanced UMID pay card program;
7. Contribution Subsidy Provider Program Guidelines;
8. Circular on the payment schedule of SS and EC contributions for farmers, fishermen and other Self-

Employed persons in the informal economy;

9. Circular on the preventive actions and sanctions for fraud in benefit and loan transactions; and
10. Circular on the Revised Guidelines on the SSS Funeral Benefit program.

The SSC also gave critical attention to reports on Typhoon Odette, online fraud in branches, and letters from the Governance Commission for GOCCs (GCG) pertaining to members' concerns/complaints.

Protecting SSS investments, enhancing investment strategies and policies. As the governing board of the SSS with responsibility for protecting its manifold investments, the SSC approved various investment transactions recommended by Management, such as:

1. Accreditation of and investment in initial public offering;
2. Accreditation of REITS (Addendum to the Stock Accreditation Guidelines); and
3. Recommended Highest Rated Bidder for the hiring of nine local Fund Managers (Balance Fund, Pure Equity Fund and Pure Fixed Income Fund Mandates).

The SSC also approved the investment strategies and policies, such as:

1. Amendment to the Guidelines for the lease of SSS investment properties;
2. Hiring of consultant to conduct Highest and Best Use (HABU) study with valuation of development and usufructuary rights and crafting of the terms of reference for the development of the BGC property, FCA 7-ha property, and other prime investment properties;
3. Guidelines for the NVPF Program and adoption of authorized signatories and limits for NVPF investing activities;
4. Final HABU Study prepared by Colliers International Philippines and recommendation on the development of the SSS-owned East Triangle Property;
5. Additional guidelines on Short-Term Member Loans (STML);
6. Collection of members' past-due STML from their Sickness and Maternity benefits;
7. Guidelines for the consolidation of past due STML with condonation of penalty;
8. SSS Investment Guidelines that adopt ISSA Guidelines on Investment of Social Security Funds (First Tranche);
9. Proposed interim lease guidelines for vacant SSS investment properties; and
10. Amendment of the accreditation program for Cooperatives to act as collecting agents of the SSS with respect to their members.

As part of its oversight function, the SSC also discussed updates on SSS investee corporations, projected cost for the conversion

of manually-issued titles to digitized titles, recommended non-participation in initial public offerings and fixed rate bonds issuances, and special project for the conversion of non-performing housing loan assets.

Employee welfare and development: towards the effective pursuit of the organization's overall objectives. Understanding that the development of the employees' capacities in the successful operation of the organization is a permanent process, the SSC approved the appropriation of adequate resources for year-round training programs and authorized the participation of executives and employees to fora and conferences.

1. Enhanced Program on Awards and Incentives for Service Excellence (SSS PRAISE);
2. Implementation of the Compensation and Position Classification System (CPCS) per Authority to Implement from the GCG;
3. 2021 Competency Assessment Report;
4. Evaluation of the implementation of the policy in Alternative Work Arrangements in the SSS; and
5. Amendments to the SSS Employees Provident Fund Rules.

Good governance: building on a strong foundation. The SSC approved recommendations such as:

1. Revisions to the existing Freedom of Information (FOI) Manual;
2. Proposed policy, guidelines, and procedures in the determination of collusion/corruption involving the contractor/provider and SSS official/employee as basis for deferment/withholding/refusal of payment through Quantum Meruit;
3. Revisions to the Manual of Corporate Governance;
4. Reclassification of Large Account employers;
5. Performance assessment of SSS foreign representatives;
6. Delegation of authorities to the PCEO;
7. Annual Procurement Plan for fiscal year 2023; and
8. SSS' official position on various legislative measures/bills.

The SSC also greenlit the conduct of Performance Governance System (PGS) Orientation by the Institute for Solidarity in Asia and agreed to its convening as the Multi-Sectoral Governance Council - PGS.

It also monitored the compliance of SSS with its reportorial obligations and approved the 2021 Accomplishment Report, implementation report on the Social Security Act of 2018, and the 2021 Report of SSS Operations, for submission to the Office of the President and to Congress.

Forging cooperation and synergies. The SSC approved the Remote Internship Program with the Polytechnic University of the Philippines (PUP) on pilot basis and its related Memorandum of Agreement, the agreement with Philippine Health Insurance Corporation on the Sharing of Unified Multi-Purpose ID Common Data; and the official SSS representative on the implementation of the Data Sharing Agreement between SSS and Credit Information Corporation.

Judicious disposition of SSC cases. In accordance with the approval of the "Guidelines for the Electronic Filing and Service of Petitions, Pleadings, Motions and Other Submissions with the SSC" (under SSC Resolution No. 330 dated 24 June 2020) and the "Revised Guidelines on the Electronic Filing and Service in Social Security Cases" (under SSC Res No. 550 dated 21 October 2020), the SSC, under its Resolution No. 419 dated 22 June 2022, approved amendments to the "2016 Rules of Procedure of the Social Security Commission" to institutionalize and enhance a digital mode of pursuing petitions before the SSC, address identified gaps in the procedures, and improve the efficiency of the Commission Legal Departments and Executive Commission Clerk/Deputy Commission Clerk by giving them better agility in the handling of cases under the supervision of the SSC.

Through the Office of the Commission Secretary and Executive Commission Clerk, the SSC released 1,081 issuances on the handling and disposition of cases. The SSC also promulgated 79 Resolutions on the merit and 166 Final Orders on closed and terminated cases, motions for reconsideration of SSC resolutions, and motions for issuance of writ of executions.

ACCOMPLISHMENTS OF SSC COMMITTEES

Audit Committee

Endorsed to the SSC the Consolidated 2021 Financial Statements of the SSS and Employees' Compensation (EC) Fund, the Report on the Assessment of the SSS Internal Control System, and the quarterly reports on the Inventory of Procurement Contracts.

Provided guidance in achieving the overall audit activities by the Internal Audit Service Group (IASG):

1. Unemployment Benefit System
2. Re-engineered Sickness Benefit System
3. Re-engineered Maternity Benefit System
4. Retirement Benefit System



Involving the following departments: Medical Program, Retirement, Death and Funeral Benefits Administration, Sickness, Maternity and Disability Benefits Administration, and Information Systems Dept. II

5. Enhanced Funeral Benefit System
6. Acquisition of investment properties via purchase, *Dacion en Pago*, and joint venture – covering the Investment Property Department and Real and Other Property-Acquired and Acquired Assets Department
7. Human Resource Management - Recruitment, Selection and Placement Process through the Organizational Planning and Staffing Department
8. Foreign Operations in the Hongkong, Riyadh, Rome, Toronto and San Francisco Foreign Offices
 - Service Delivery
 - Registration and Coverage
 - Contributions
 - Medical Benefits (Sickness, Maternity, Disability)
 - Non-Medical Benefits (Retirement, Death, Funeral, Flexi-Fund Withdrawal)
 - Administrative Support Service
9. Operations of Telling Section and Reconciliation Process of 34 Branches in the National Capital Region and the Cash Management Department
10. Member Data Change Request (MDCR) transactions in the SSS Alabang-Muntinlupa Branch (analysis of Proof of Accounts of affected members and review of MDCR processes)
11. Operations of Telling Section and reconciliation process of Sta. Maria Branch and the Cash Management Department
12. Implementation of Freedom of Information Program (under the Public Affairs and Special Events Division and the Employee Services Department)
13. Provident Fund Automated Voting and Counting System
14. Trends in Sickness and Maternity Benefits payments
15. Procurement Management Review for projects with ABC/RCA of above 7.5 million (Recommendation for Award and Post-Qualification Report).

Executive Committee

The Executive Committee vetted and endorsed to the SSC the deliberation results and recommendations of candidates by the Human Resource Merit Promotion and Selection Board for the following executive positions:

1. Executive Vice President - Branch Operations Sector
2. Senior Vice President - Mindanao Operations Group
3. Senior Vice President - Member Services and Support Group
4. Senior Vice President - Member Services and Support Group
5. Vice President - IT Operations Division
6. Vice President - Mindanao South 2 Division
7. Vice President - Visayas Central 1 Division
8. Vice President - NCR North Division

On 21 November 2022, the Executive Committee conducted a pre-meeting attended by the Committee Chairperson and two Members whereby a high-level discussion was held.

Information Technology and Collection Committee

The Information Technology and Collection Committee (ITCC) vetted and endorsed to the SSC the following new policies and enhancements to existing policies:

1. Proposed policies to improve member loan collection and measures that will address future breach of Investment Reserve Fund limits;
2. Guidelines for Accreditation of Banks to Act as Collecting Agents for the Social Security System;
3. Guidelines for Accreditation of Remittance and Transfer Companies to Act as Collecting Agents of the Social Security System; and
4. Revised Guidelines on Accreditation of Non-life Insurance Companies

As part of its oversight functions, the ITCC required Management to submit periodic reports on the digitalization of member services, contribution collection by branches and payment channels, the cases against delinquent employers, status of IT projects, and IT metrics.

With the guidance and support of ITCC, Management launched the online filing of death benefit and fully accomplished the online filing for Sickness Benefit, Maternity Notification and Maternity Benefit, in addition to online application for Salary Loan, Calamity Loan, and Unemployment Benefit.

The ITCC also vetted and endorsed for SSC approval the accreditation/renewal of accreditation and dis-accreditation of collection partners and non-life insurance companies as sureties.

Risk Management and Investments Committee

The Risk Management and Investments Committee (RMIC) endorsed to the SSC for approval the following matters relating to investment principles and strategies:

1. SSS Investment Guidelines (First Tranche) which concerns investment beliefs, investment mission and goals, bodies and their responsibilities, fiduciary responsibilities, restrictions on investments, socially responsible investing and environmental, social and corporate governance, and selection of appropriate benchmark.
2. 2022 Asset Allocation for the SSS Consolidated and SSS-Managed Investments Portfolios
3. Recommended mix of assets for deployment to External Local Fund Managers

In support of the policy-making function of the SSC, the RMIC vetted and endorsed to the SSC proposed General Policy Guidelines on Foreign Investments, Policy Guidelines for SSS Investments in Global Equities, and Implementing Guidelines on SSS Investment in the Onshore Dollar Bonds through the Bureau of Treasury, paving the way for foreign currency denominated investments by SSS.

Other new policies and enhancements to existing policies vetted and endorsed by the RMIC to the SSC are:

- Proposed amendments to the Policies and Guidelines in Determining and Managing Exposure Limits to Debt and Equity Investments;
- Revisions to the Guidelines for SSS Investment in Corporate Fixed Income Securities;

- Guidelines on Stop Loss and Yellow Flag Monitoring;
- Additional recommendations on Investment Framework and Philosophy for the Mandatory Provident Fund (Workers Investment Savings Program);
- Changes in the recommending and signing authority for the lease of SSS-owned Investment Properties;
- Recommendations on trading limits of authorized equities trading/dealing positions of the Equities Investments Division; and
- Guidelines on the Optimization of the Domestic Equities Portfolio.

The RMIC also vetted and endorsed for SSC approval various accreditations in relation to SSS investment activities and participation of SSS in various investment instruments such as Initial Public Offerings and Stock Rights Offerings, fixed rate bond issuances, accreditation of mutual domestic funds and external fund managers, and accreditation/renewal of accreditation of arranger/dealer and stockbrokers.

As part of its oversight functions, the RMIC required Management to present regularly on the performance of the different investment asset classes, capital market pipeline, stop loss and yellow flag monitoring, status of institutional loans, and risk management. It also vetted and endorsed to the SSC the 2021 SSS Consolidated Investment Report submitted to Congress.

The Committee and Management worked together to study new investment opportunities such as the Sukuk Fund, Sovereign Wealth Fund, foreign investments, renewable energy, and short-term oriented equity portfolio.

2022 PERFORMANCE ASSESSMENT OF SSC COMMITTEES

The 2022 Performance Assessment of the SSC Committees was carried out in February 2023.

Rating Scale:

- | | | |
|--------------------|---------------------|------------------------|
| 1 – Not observed | 2 – Partly observed | 3 – Generally observed |
| 4 – Often observed | 5 – Highly observed | |

Audit Committee

Categories	2022
1. Knowledge and Personal Development	4.84
2. Preparedness and Participation	4.86
3. Teamwork and Communication	4.92
4. Conduct/Behavior	4.99
5. Committee Management	4.92

IT and Collection Committee

Categories	2022
1. Knowledge and Personal Development	4.93
2. Preparedness and Participation	4.86
3. Teamwork and Communication	4.90
4. Conduct/Behavior	4.97
5. Committee Management	4.88

Risk Management and Investment Committee

Categories	2022
1. Knowledge and Personal Development	4.82
2. Preparedness and Participation	4.69
3. Teamwork and Communication	4.82
4. Conduct/Behavior	4.97
5. Committee Management	4.80

The SSC, under its Resolution No. 152 dated 29 March 2023, noted the Report on the 2022 Performance Assessment of the SSC Committees.

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, 2022 and December 31, 2021 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.




SEC. BENJAMIN E. DIOKNO
Chairperson, Social Security Commission


ROLANDO LEDESMA MACASAET
President and CEO, Social Security System

Date: May 05, 2023

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, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the SSS as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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 Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 20 to the financial statements in relation to Note 22. In compliance with the policy directive of the National Government requiring government insurance institutions to adopt the PFRS 4 *Insurance Contracts* in CY 2020, Management recognized Insurance Contract Liability in the SSS' financial statements, which is the sum of the present value of future benefits and expenses, less the present value of future contributions discounted at the appropriate risk-free discount rate. There is a significant increase in liability as the SSS recognized the social benefit liability to its members. Management acknowledges that uncertainty remains over the ability of SSS to meet its funding requirements to pay its members' benefits and operational expenses. However, Management has a reasonable expectation that the SSS has adequate resources to continue in operational existence for the foreseeable future. Furthermore, under Republic Act (RA) No. 11199, otherwise known as the Social Security Act of 2018, the Philippine Government guarantees that all the benefits prescribed in the RA shall not be diminished and it accepts general responsibility for the solvency of the System. Our opinion is not modified in respect of this matter.

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 SSS' 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 SSS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SSS' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 is not a guarantee that an audit conducted in accordance with ISSAIs 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.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism 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 SSS' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 SSS' 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 SSS 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 in Note 39 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management of SSS and have been subjected to auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT


ANGELITA R. MANGABAT
OIC-Supervising Auditor

May 12, 2023

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021 As restated	At January 1, 2021
ASSETS				
Current assets				
Cash and cash equivalents	3	24,231,791,954	22,075,249,008	21,514,274,598
Financial assets	4.1	84,673,420,653	78,429,985,389	65,177,190,895
Receivables, net	5	83,608,825,659	67,661,138,887	81,090,413,914
Inventories	6	67,352,599	69,167,527	85,318,643
Non-current assets held for sale	7	206,947,365	188,660,672	167,063,160
Other current assets	8	6,806,962,807	5,702,265,741	4,684,312,210
		199,595,301,037	174,126,467,224	172,718,573,420
Non-current assets				
Financial assets	4.2	411,681,502,096	382,187,833,823	327,742,312,466
Receivables	5	67,390,092,892	57,069,783,288	59,821,985,630
Investment property	9	85,014,644,111	79,076,648,180	74,621,527,922
Property and equipment, net	10	8,432,259,287	8,740,850,841	6,315,447,464
Intangible assets	11	243,886,853	119,993,813	138,878,299
Right-of-use assets	12	705,714,379	736,532,439	812,536,732
Other non-current assets	13	324,275,277	344,023,935	318,180,461
		573,792,374,895	528,275,666,319	469,770,868,974
TOTAL ASSETS		773,387,675,932	702,402,133,543	642,489,442,394
LIABILITIES AND EQUITY				
Current liabilities				
Financial liabilities	14	3,702,901,825	4,240,405,468	4,475,331,211
Lease payable	15	279,942,316	232,114,952	156,254,268
Inter-agency payables	16	786,563,456	203,764,400	188,515,012
Trust liabilities	17	39,337,822,342	18,346,415,669	2,523,362,964
Deferred credits/Unearned income	18	70,998,359	88,787,679	76,721,000
Other payables	21	554,206,941	757,360,817	882,539,662
		44,732,435,239	23,868,848,985	8,302,724,117
Non-current liabilities				
Financial liabilities	14	-	-	1,422,339
Lease payable	15	514,914,778	592,436,627	727,679,432
Deferred credits/Unearned income	18	275,360,171	302,210,840	329,061,510
Provisions	19	1,383,127,160	2,134,002,987	1,941,881,916
Insurance contract liability	20	8,107,690,623,179	7,629,580,348,453	6,757,220,290,677
Other payables	21	1,050,000,000	50,000,000	50,000,000
		8,110,914,025,288	7,632,658,998,907	6,760,270,335,874
TOTAL LIABILITIES		8,155,646,460,527	7,656,527,847,892	6,768,573,059,991
EQUITY/(DEFICIT)				
Reserve fund	22.1	(7,362,775,569,903)	(6,951,530,692,584)	(6,106,319,978,085)
Cumulative changes in fair value	22.2	(26,055,867,446)	(9,167,674,519)	(23,809,882,311)
Revaluation surplus	22.3	6,572,652,754	6,572,652,754	4,046,242,799
TOTAL EQUITY/(DEFICIT)		(7,382,258,784,595)	(6954,125,714,349)	(6,126,083,617,597)
TOTAL LIABILITIES AND EQUITY		773,387,675,932	702,402,133,543	642,489,442,394

The Notes on pages 35 to 83 form part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021 Restated
INCOME			
Service and business income	23	297,757,374,037	255,314,086,030
Assistance and subsidy	24	336,132,254	0
Gains	25	23,186,855,307	18,876,825,990
Other non-operating income	26	4,667,698,079	2,138,184,794
		325,948,059,677	276,329,096,814
EXPENSES			
Benefit payments	27	242,813,873,615	223,981,986,472
Personnel services	28	8,123,628,096	7,727,034,576
Maintenance and other operating expenses	29	1,921,951,034	1,685,100,957
Financial expenses	30	205,406,872	214,094,554
Non-cash expenses	31	20,285,360,482	14,275,192,866
		273,350,220,099	247,883,409,425
Net Income before changes in policy reserves		52,597,839,578	28,445,687,389
Net Change in Policy Reserves	32	(478,109,798,453)	(872,359,500,057)
Net Loss		(425,511,958,875)	(843,913,812,668)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Gain/(loss) on sale of FA at FVTOCI		35,561,689	(204,050,992)
Changes in fair value of FA at FVTOCI		(16,888,192,927)	14,642,207,792
Revaluation surplus		0	2,526,409,955
		(16,852,631,238)	16,964,566,755
TOTAL COMPREHENSIVE LOSS		(442,364,590,113)	(826,949,245,913)

The Notes on pages 35 to 83 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Reserve Fund (Note 22.1)	Revaluation Surplus (Note 22.2)	Members' Equity	Cumulative Changes in Fair Value (Note 22.3)	TOTAL
BALANCE AT JANUARY 1, 2022	(6,951,530,692,584)	6,572,652,754	0	(9,167,674,519)	(6,954,125,714,349)
Add/(Deduct):					
Comprehensive loss for the year	(425,476,397,186)			(16,888,192,927)	(442,364,590,113)
Other adjustments:					
Premium contribution accrual	15,392,866,549				15,392,866,549
SSS' share in ECC & OSHC corporate operating budget	(348,565,226)				(348,565,226)
Payable to Flexi Fund	(1,880,665)				(1,880,665)
Payable to Peso Fund	(7,633,081)				(7,633,081)
Payable to WISP Fund	(775,935,706)				(775,935,706)
Payable to WISP Plus Fund	(1,335,258)				(1,335,258)
Guaranteed income/ Annual incentive benefit	(25,996,746)				(25,996,746)
BALANCE AT DECEMBER 31, 2022	(7,362,775,569,903)	6,572,652,754	0	(26,055,867,446)	(7,382,258,784,595)
BALANCE AT JANUARY 1, 2021	(6,106,279,980,864)	4,046,242,799	1,281,698,533	(23,809,882,311)	(6,124,761,921,843)
Adjustments:					
Reclassification to liability			(1,281,698,533)		(1,281,698,533)
Payable to Flexi Fund	(14,226,527)				(14,226,527)
Payable to Peso Fund	(25,770,694)				(25,770,694)
RESTATED BALANCE AT JANUARY 1, 2021	(6,106,319,978,085)	4,046,242,799	0	(23,809,882,311)	(6,126,083,617,597)
Comprehensive income/(loss) for the year	(844,077,866,439)	2,526,409,955		14,642,207,792	(826,909,248,692)
SSS' share in ECC & OSHC corporate operating budget	(332,667,772)				(332,667,772)
Guaranteed income/Annual incentive benefit	(14,694,844)				(14,694,844)
Other adjustments:					
Benefit payment accrual	(99,116,050)				(99,116,050)
Premium contribution accrual	(291,212,013)				(291,212,013)
MIA valuation of policy reserves	(1,418,613)				(1,418,613)
Payable to Flexi Fund	(25,528,247)				(25,528,247)
Payable to Peso Fund	(33,493,510)				(33,493,510)
Payable to WISP Fund	(334,717,011)				(334,717,011)
RESTATED BALANCE AT DECEMBER 31, 2021	(6,951,530,692,584)	6,572,652,754	0	(9,167,674,519)	(6,954,125,714,349)

The Notes on pages 35 to 83 form part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows			
Member' contributions		260,439,384,074	235,067,360,001
Investment and other income		35,445,775,365	27,101,719,492
Receipt of Flexi, PESO and WISP funds contribution/income		21,807,136,601	15,650,841,847
Trust receipts/mandatory deductions		6,524,076,094	3,837,474,200
Subsidy and donations received		336,132,254	0
Other collections		46,628,766	59,809,065
Total cash inflows		324,599,133,154	281,717,204,605
Cash outflows			
Benefits payments		245,422,731,740	225,451,778,690
Operating expenses		11,334,037,148	9,612,716,641
Flexi and PESO funds withdrawals		143,905,039	83,631,336
Remittance of statutory contributions		3,592,868,089	3,438,734,240
Refund of deposits		254,220,273	498,592,175
Purchase of inventories		40,193,998	24,075,284
Grant of financial assistance/subsidy/contribution		200,000	117,575
Other disbursements		246,214,777	153,579,765
Total cash outflows		261,034,371,064	239,263,225,706
Net cash generated from operating activities		63,564,762,090	42,453,978,899
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows			
Sale, maturities and redemptions of investments		32,601,491,247	33,891,031,524
Collection of loans		47,541,563,485	41,991,030,262
Sale/disposal of investment properties, other properties and equipment		291,401,349	283,517,468
Total cash inflows		80,434,456,081	76,165,579,254
Cash outflows			
Purchase and placement of investments		91,903,164,511	81,654,807,762
Grant of loans		49,537,345,055	35,999,578,591
Purchase of investment properties, other properties and equipment		234,094,751	66,079,033
Purchase of intangible assets		110,236,503	30,463,392
Total cash outflows		141,784,840,820	117,750,928,778
Net cash used in investing activities		(61,350,384,739)	(41,585,349,524)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash outflows			
Release of Corporate Operating Budget to ECC		348,565,227	332,667,770
Total cash outflows		348,565,227	332,667,770
Net cash used in financing activities		(348,565,227)	(332,667,770)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,865,812,124	535,961,605
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		290,730,822	25,012,805
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		22,075,249,008	21,514,274,598
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	24,231,791,954	22,075,249,008

The Notes on pages 35 to 83 form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

(All amounts in Philippine Peso unless otherwise stated)

1. GENERAL INFORMATION

The Social Security System (SSS) is an independent and accountable government-owned and controlled corporation that administers social security protection to Filipino workers, local and overseas and their beneficiaries. Social security provides replacement income for workers in times of death, disability, sickness, maternity, old age, unemployment or involuntary separation and other contingencies.

On September 1, 1957, Republic Act (RA) No. 1161 or the “*Social Security (SS) Act of 1954*” was implemented. Thereafter, the coverage and benefits given by SSS have been expanded and enhanced through the enactment of various laws. On May 1, 1997, RA No. 8282, otherwise known as the “*SS 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 16 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 duty.

On February 7, 2019, RA No. 11199 or the “*SS Act of 2018*”, was enacted to rationalize and expand the powers and duties of the Social Security Commission (SSC) to ensure the long-term viability of the SSS, repealing for the purpose RA No. 1161, as amended by RA No. 8282, otherwise known as the SS Act of 1997. Among the landmark provisions of the RA No. 11199 are the grant of unemployment or involuntary separation benefits for the first time in the country, the mandatory coverage of Overseas Filipino Workers (OFWs), the establishment of a Provident Fund exclusive to SSS members, the condonation of penalties on delinquent contributions, and the legislated adjustments in membership premium and monthly salary credits. In pursuit of its policy, a social security program shall be developed emphasizing the value of “*work, save, invest and prosper*” for a more responsive SSS. The maximum profitability of investible funds and resources of the program shall be ensured through a culture of excellence in management grounded upon sound and efficient policies employing internationally recognized best practices.

Pursuant to Sections 9 to 11 of RA No. 11199, coverage in the SSS shall be compulsory upon all private employees including domestic workers not over 60 years of age and their employers, self-employed persons, regardless of trade, business or occupation and sea-based and land-based OFWs. Compulsory coverage of the employer shall take effect on the first day of his operation and that of the employee on the day of his employment, while coverage of self-employed person shall take effect upon his registration with the SSS. Non-working spouses of SSS members and Filipino permanent migrants, including Filipino immigrants, permanent residents and naturalized citizens of their host countries may be covered by the SSS on a voluntary basis. Likewise, SSS members separated from employment including OFWs may continue to pay contributions on a voluntary basis to maintain their rights to full benefits.

Under Section 26-B of RA No. 11199, 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.

Under Section 4 of RA No. 11199, a Provident Fund for the members which will consist of contributions of employers and employees, self-employed, OFW and voluntary members shall be established based on (i) the SSS contribution rate in excess of 12 per cent, or (ii) monthly salary credit in excess of ₱20,000.00 up to the prescribed maximum monthly salary credit and their earnings, for the payment of benefits to such members or their beneficiaries in addition to the benefits provided for under this Act. A member may contribute voluntarily in excess of the prescribed SSS contribution rate and/or the maximum monthly salary credit, subject to such rules and regulations as the SSC may promulgate. The rate of contributions as well as the minimum and maximum monthly salary credits shall be in accordance with the schedule defined under Section 4.a.9 of the law. The rate of penalty on unpaid loan amortizations shall be determined and fixed by the SSC from time to time through rules and regulations based on applicable actuarial studies, rate of benefits, inflation, and other relevant socioeconomic data.

The SSS, in pursuit of its mission under RA No. 11199, otherwise known as the SS Act of 2018, to promote social justice through savings and advance the value of “*work, save, invest and prosper*” and SSC Resolution No. 458-s. 2020 dated September 9, 2022 approved the implementation of the Mandatory Provident Fund (MPF) Program for SSS members effective January 1, 2021. The program, which is known as the Workers’ Investment and Savings Program (WISP), consists of contributions of employers and employees, self-employed, OFW and voluntary members, based on monthly salary credit (MSC) in excess of ₱20,000 up to the prescribed maximum MSC, and their earnings. The program aims to provide SSS members with a convenient and tax-free savings scheme for payment of benefits to such members or their beneficiaries in addition to the benefits provided under RA No. 11199.

Pursuant to SSC Resolution Nos. 209-s. 2022 dated April 6, 2022 and 513-s. 2022 dated August 3, 2022, approving the implementation of the New Voluntary Provident Fund (NVPF) Program for SSS members, which shall be known as the Workers’ Investment and Savings Program (WISP) Plus or “*WISP Plus*” which is open to all SSS registrants and SSS members with no final benefit claim, regardless of amount of declared monthly earnings and last posted MSC, respectively, subject further to the applicable policies under the Regular SSS Program. The program aims to encourage SSS members to participate in an affordable, flexible, convenient, and tax-free savings scheme.

Under Section 4 of RA No. 8282, voluntary provident funds known as the Flexi-Fund and the Personal Equity and Savings Option (PESO) Fund were established and approved in September 2001 and June 2011, respectively. Membership to the Flexi-Fund is on a voluntary basis for OFW members with at least ₱16,000 monthly earnings either covered under the existing program or new entrant with the requirement of initial contributions to the SSS program. The PESO Fund is offered exclusively to SSS members in addition to the regular SSS Program. It aims to provide SSS members with the opportunity to receive additional benefits in their capacity to contribute more. Each member of the PESO Fund shall be allowed a maximum contribution of ₱500,000 per annum and a minimum of ₱1,000 per contribution. These two funds shall cease upon implementation of the new provident fund provided under Section 4 of RA No. 11199 but pending for the formal transition rules and guidelines.

The SSS also administers Employees’ Compensation and State Insurance Fund as provided in 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 on 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 the Government Service Insurance System (GSIS) and SSS from public and private sector employers, respectively.

Coverage in the SIF shall be compulsory upon all employers and their 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 of life insurance benefit administered by the System shall be subject to compulsory coverage. On March 6, 2019, the ECC in its Board Resolution No. 19-03-05 approved the policy on expanding the coverage of the ECP to the self-employed compulsory members of the SSS.

The summary of the financial performance and result of operations of the funds as at December 31, 2022, are as follows. All inter-fund accounts have been eliminated.

	SSS*	EC-SIF	Total
Total Assets	725,987,892,863	47,399,783,069	773,387,675,932
Liabilities	8,114,670,288,569	40,976,171,958	8,155,646,460,527
Reserve Fund**/Equity	(7,388,682,395,706)	6,423,611,111	(7,382,258,784,595)
Total Liabilities and Equity	725,987,892,863	47,399,783,069	773,387,675,932

**Includes Insurance Contract Liability (ICL)

	SSS*	EC-SIF	Total
Income	320,155,339,348	5,792,720,329	325,948,059,677
Expenses	270,353,766,755	2,996,453,344	273,350,220,099
Net Income before changes in policy reserves	49,801,572,593	2,796,266,985	52,597,839,578
Changes in Policy Reserves	475,417,580,701	2,692,217,752	478,109,798,453
Net Income/(Loss) after changes in policy reserves	(425,616,008,108)	104,049,233	(425,511,958,875)
Other comprehensive loss for the year	(16,746,378,723)	(106,252,515)	(16,852,631,238)
Total comprehensive income	(442,362,386,831)	(2,203,282)	(442,364,590,113)

*SSS includes Flexi-Fund, PESO Fund, Mortgageors' Insurance Account, WISP and WISP Plus Fund

The principal office of SSS is located at East Avenue, Diliman, Quezon City. It has 166 local branches and 113 service and representative offices located in various cities and municipalities of the country, and 28 foreign branch offices situated in Asia and Pacific, Europe, Middle East and North America.

The financial statements of SSS as at December 31, 2022 were approved by the Social Security Commission under Resolution No. 134-s. 2023 and signed by the SSC Chairperson and PCEO on May 5, 2023, as shown in the Statement of Management Responsibility for Financial Statements.

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 of Financial Statements

a. Statement of Compliance with Philippine Financial Reporting Standards (PFRS) and Commission on Audit (COA) Circular No. 2017-004

The accompanying financial statements were prepared in accordance with PFRS and Philippine Accounting Standards (PAS) issued by the Philippine Financial and Sustainability Reporting Standards Council (PFSRSC). PFRS are adopted by the PFSRSC from the pronouncements issued by the International Accounting Standard Board and approved by the Philippine Board of Accountancy. As a Commercial Public Sector Entity (CPSE), SSS is required to adopt the PFRS as its applicable financial reporting framework pursuant to COA Circular No. 2015-003 dated April 16, 2015, as amended. Accounts were classified to conform to the Updated Revised Chart of Accounts for Government Corporation prescribed under COA Circular No. 2020-002 dated January 28, 2020.

b. Presentation of Financial Statements

The financial statements are presented in accordance with PAS 1, Presentation of Financial Statements. The System presents all items of income and expenses in a single Statement of Comprehensive Income (SCI).

For this purpose, SSS adopts the guidelines laid down under COA Circular No. 2017-004 dated December 13, 2017, on the preparation of financial statements and other financial reports and implementation of PFRS by government corporations classified as CPSE, unless Management believes that a different classification and presentation of the accounts provides information that is reliable and more relevant to users of the financial statements.

SSS also presents a third Statement of Financial Position (SFP) as of the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that have a material effect on the information in the SFP at the beginning of the preceding period. The notes related to the third SFP are not required to be disclosed.

c. Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for the following items:

- Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;
- Financial assets at fair value through other comprehensive income (FVTOCI) are measured at fair value;
- Investment properties are measured at fair value;
- Non-current assets held for sale are measured at the lower carrying amount or fair value less cost to sell; and
- Land under property and equipment are measured at revalued amount.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a non-financial asset is measured to its highest and best use. The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The SSS classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1** – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. FVTPL and FVTOCI investments fall under this level.
- **Level 2** – inputs other than quoted market prices

included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the over-the-counter derivative contracts.

- **Level 3** – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market prices in its valuations where possible. Investment properties and non-current assets held for sale are within this level.

d. *Accrual Accounting*

In accordance with PAS 1, the financial statements, except for cash flow information, have been prepared using the accrual basis of accounting.

e. *Functional and Presentation Currency*

The financial statements are presented in Philippine Peso, which is the System's functional and presentation currency. All amounts are rounded to the nearest peso, unless otherwise stated.

f. *Estimates and Judgments*

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, revenue 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.

2.2. Adoption of New and Amended PFRS and Interpretations

a. *Effective in 2022 that are relevant to the System*

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 annual periods beginning on or after January 1, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets)*. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling the contract (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements PFRS Standards 2018-2020 (effective January 1, 2022)

- PFRS 9 Financial Instrument - Fees in the "10 per cent" test for derecognition of financial liabilities. The amendment

clarifies which fees should be included in the "10 per cent" test for the derecognition of a financial liability. An entity includes only fees paid to or received between the entity (the borrower) and the lender, including fees directly attributable to third-party fees.

- PFRS 16, *Leases* – Lease incentives. Any payments made to or on behalf of a lessee within the context of the lease contract shall be considered as an integral part of the net consideration of the lease and therefore be accounted for as an incentive.
- Amendment to PFRS 16: *COVID-19 Related Rent Concessions*. The amendment provides relief for leases in accounting for rent concessions granted because of COVID 19. It therefore provides an option to lessees from assessing whether a rent concession related to COVID 19 is a lease modification or just a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs.
- Amendments to PFRS 7: *Financial Instruments – Disclosures*. It requires entities to provide disclosures in the financial statements that will enable users to evaluate the following:
 - » The significance of financial instruments for the entity's financial position and performance;
 - » The nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period; and
 - » How the entity manages those risks.

b. *Effective in 2022 that are not relevant to the System*

- Amendments to PFRS 3 – *Business Combinations* update a reference in PFRS 3 to the Conceptual Framework of Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to PFRS 3, *Reference to the Conceptual Framework*. The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.

Annual Improvements PFRS Standards 2018-2020 (effective January 1, 2022)

- PFRS 1, *First-time Adoption of PFRS* – *Subsidiary* as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16 (a) of PFRS 1 to measure cumulative transition differences using the amounts reported by its parent, based on the parent's date of transition to PFRS.

c. *Effective for annual period beginning on or after January 1, 2023 (globally); January 1, 2025 (local-Philippines)*

- Amendments to PAS 1, *Presentation of Financial Statements*, on classification of liabilities – These narrow-scope amendments to PAS 1, *Presentation of financial statements*, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what PAS 1 means when it refers to the settlement of a liability.
- PFRS 17, *Insurance Contracts* – PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*, which currently permits a wide variety of practices in accounting for insurance contracts. The new standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by (a) a specific adaptation for contracts with direct participation features (the variable fee approach) and (b) a simplified approach (the premium allocation approach) mainly for short-duration contracts. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance 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 adjustment, remeasured every reporting period (fulfillment cash flows).
 - » A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfillment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognized in the profit or loss based on insurance contract services provided over the coverage 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 coverage 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 of choice.
 - » The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.
 - » Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event occurs (non-distinct 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.
 - » A loss-recovery component of the asset for the remaining coverage of a group of reinsurance contracts held is determined and recorded in profit or loss when an entity recognizes a recovery of profit or loss on initial recognition of an onerous group of underlying issued contracts as well as for subsequent measurement of the recovery of those losses.
 - » Entities should present separately in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets and those that are liabilities, with the same requirement applying to portfolios of reinsurance contracts held.
 - » Extensive disclosure to provide information on the recognized amounts from insurance contracts and the nature and extent of risk arising from these contracts.
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-Current*. The amendments aim to promote consistency in applying requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
 - Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.
 - Amendments to PAS 8, *Definition of Accounting Estimates*. The amendments replace the definition of change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Entities develop

accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimates that result from new information or new developments is not the correction of error.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

d. Effectivity deferred indefinitely

- PFRS 10 (*Amendments*), *Consolidated Financial Statements and PAS 28 (Amendments)*, *Investment in Associates and Joint Venture*. The amendments to PFRS 10 require full recognition in the investor's financial statements of gain or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, between an investor and its associate or joint venture. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that were sold or contributed a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

2.2.1. Current versus Non-Current Classification

The SSS presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are non-current.

A liability is current when:

- Expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Due to be settled within 12 months after the reporting period; and
- There is no unconditional right to defer the settlement of the liability for 12 months after the reporting period.

All other liabilities are non-current.

Net deferred tax assets (liabilities) are classified as non-current.

2.3. Financial instruments

a. Financial Assets

a.1 Date of recognition

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

a.2 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.

a.3 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 and 3 only.

a.4 Classification and subsequent measurement

The SSS subsequently measures its financial assets as FVTPL or FVTOCI or at amortized cost based on the business model for managing the financial assets and their contractual cash flow characteristics. The business model determines whether cash flows will result from collecting the contractual cash flows, selling the financial assets, or both.

- **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 as incurred. Financial assets at FVTPL are measured at fair value and changes therein are recognized in profit or loss.

- **Financial assets at amortized cost**

Financial assets are measured at amortized cost if both of the following conditions are met: (1) the asset is held within the System's business model, the objective of which is to hold the assets in order to collect contractual cash flows; and (2) the contractual terms of the instrument give rise on specific dates to cash flows that are solely payments of principals and interest (SPPI) on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition that are an integral part of the effective interest rate.

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

Loans and receivables are financial assets carried at cost or amortized cost less impairment in value. Such assets are with fixed or determinable payments that are not quoted in an active market.

- **Financial assets at FVTOCI**

Financial assets are measured at FVTOCI if both of the following conditions are met: (1) the asset is held within the business model, the objective of which is achieved both by collecting contractual cash flows and selling financial assets; and (2) the contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. Subsequent to initial recognition, FVTOCI 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 FVTOCI financial assets portion.

Upon derecognition, cumulative gains or losses for debt financial assets are transferred to profit or loss while cumulative gains or losses for equity financial instruments remain part of the statement of comprehensive income. Dividends are recognized in profit or loss when the right to receive payments is established.

a.5 Impairment of financial assets

The SSC in its Resolution No. 41-s. 2021 approved the policy/guidelines in recognizing and measuring credit impairment. The SSS adopts the Expected Credit Loss (ECL) in accordance with the provisions of PFRS 9 Financial Instruments – Impairment.

The ECL Model is applied on credit exposures covered by PFRS 9, which include the following:

1. Loans and receivables that are measured at amortized cost;
2. Investments in debt instruments that are measured at amortized cost or at fair value through other comprehensive income; and
3. Credit commitments and financial guarantee contracts that are not measured at fair value through profit or loss.

SSS adopts the rebuttable presumption in PFRS 9 that a default does not occur later than when a financial asset is 90 days past due.

Credit exposures are classified into three different stages at each reporting date, based on the significance of the increase in credit risk since initial recognition, as follows:

- Stage 1 – Performing – credit exposure that fall under this category are those that are not yet amortizing, current and whose credit risk has not appreciated significantly from initial recognition, i.e., credit exposures with days-past-due (DPD) not more than 30 days.
- Stage 2 – Under-performing – credit exposures classified under this category are those whose credit risk increased significantly since initial recognition, i.e., past due credit exposures with DPD greater than 30 days but less than or equal to 90 days.
- Stage 3 – Non-performing – credit exposures that have clear evidence of impairment at the reporting date, i.e., past due credit exposures with DPD greater than 90 days.

In assessing significant increases in credit risk, the risk of a default occurring on the credit exposure at the reporting date is compared to the risk of a default occurring on the credit exposure at the date of initial recognition.

As soon as the loan is granted to the member-borrower, it is classified under Stage 1. For all credit exposure already in the books, the following rules shall apply:

- a. Exposures with significantly increased credit risk since initial recognition shall be classified under Stage 2.
- b. Non-performing exposures shall be classified under Stage 3.

Transfer from Stage 1 to Stage 2 is made under the following conditions:

- a. Exposures with missed payment for more than thirty (30) days
- b. Exposures with risk ratings downgraded by at least two grades for rating agencies with below 15 rating grades and three grades for rating agencies with more than 15 rating grades

Transfer from Stage 3 to Stage 1 is made under the following conditions:

- a. There is sufficient evidence to support full collection.
- b. Full collection is probable when payments of principal and interest due are received for at least six months.
- c. Non-performing restructured exposures that have exhibited improvement in credit worthiness of the counterparty after a total one-year probation period, i.e.,
 - 6 months in Stage 3 before transferring to Stage 2, and another 6 months in Stage 2 before transferring to Stage 1; or
 - Directly from Stage 3 to Stage 1 without passing through Stage 2 after 12 months.

Restructured exposures classified as “performing” prior to restructuring shall be initially classified under Stage 2. The transfer from Stage 2 to Stage 1 shall follow the 6-month rule as mentioned in item “b” above.

The ECLs are revalued every year.

a.6 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.

b. Financial liabilities

Financial liabilities are initially measured at fair value, and when applicable, adjusted for transaction costs unless the designated as financial liability at FVTPL.

SSS financial liabilities include accounts payable, accrued operating payable, accrued benefit payable, claims pay-out payable, interest payable, and lease liabilities which are subsequently measured at amortized cost.

Financial Liabilities are derecognized in the statement of financial position only when the obligation is extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.4. Cash and cash equivalents

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

2.5. Inventories

Supplies and materials inventories are valued at the lower of cost or net realizable value. Cost is determined 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.

Inventories include semi-expendable property, or those tangible items with cost below the capitalization threshold for property and equipment (see Note 2.8). These items are recognized as expense in full upon issuance to end users but are recorded in the Report on the Physical Count of Inventories for monitoring purposes.

2.6. Non-current assets held for sale (NCAHFS)

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 of 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.

NCAHFS includes 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.

Upon in-depth assessment that properties classified as NCAHFS ceases to meet the conditions set under PFRS 5, such assets will be reclassified to other asset classification following the guidelines in the Classification, Reclassification and Recording of SSS Real Estate Properties under Office Order No. 2021-012. The guidelines shall govern the general procedures on the classification, reclassification and recording of real estate properties of the SSS with the following objectives:

- Provide comprehensive guidelines on the process of classification/reclassification of real estate properties;
- Establish the fundamental guidelines and practices for proper accounting and reporting of the reclassification of NCAHFS accounts and valuation of real estate properties in the SSS Financial Statements; and
- Define duties and responsibilities of various units involved in the classification of real estate properties.

2.7. Investment property

Investment property account consists of land or building held to earn rentals and/or for capital appreciation. This account also includes real properties that were previously subject of mortgage loans, 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 costs 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 except for properties carried at cost due to inability to determine the fair value reliably.

The fair values of investment properties are determined annually at the reporting date by an independent professionally qualified valuer and internal appraiser using the Market Data Approach, Cost Approach, and Income Approach. The market value is estimated using gathered available local market conditions considering the following: (a) extent, character and utility of the properties, (b) comparable properties which have been sold recently, plus current asking prices; (c) zoning and current land usage in the locality, and (d) highest and best use of the property.

The generally accepted Market Data or Comparative Approach was used to measure land under the investment property based on sales and listings of comparable property registered within the vicinity. Comparisons are premised on the factors of location, land use, physical characteristics of the land and time element. For the value of the land with improvements, the appraisers used the Cost Approach taking into account the current cost of reproduction, if new, of the replaceable property in accordance with the prevailing market prices for materials, labor, contractor's overhead, and profit and fees. In arriving at the value of the improvements, the modified quantity survey method was used by analyzing the various construction elements of the property (foundations, columns and beams, flooring walls, roof, etc.). In the Income Approach, the value of the property is determined using the interest rates and yields and the records of rental income and operating expenses. However, in some cases when there are no comparable listings in the open market, the Value Opinion from other appraisers or the BIR (Bureau of Internal Revenue) Zonal Valuation are used which are considered as Level 3 valuation.

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

2.8. Property and equipment

Property and equipment, except land, 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 property valuation reserve 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.

Valuations are done by an external independent appraiser every three years or as the need arises. The value of land was arrived at using the Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable properties registered within the vicinity. This approach requires the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator with the subject. This is done by adjusting the differences between the value of the subject property and those actual sales and listings regarded as comparable. Comparisons were premised on the factors of location, land use, physical characteristics of the land, time element, quality, and prospective use. On improvement and building, the Cost Approach was adopted in arriving at the market value of the building. This approach considers the cost to reproduce or replace in new conditions the assets appraised in accordance with current prices for similar assets including costs of labor, transport, installation, commissioning, and consultant's fees. Adjustment is then made for accrued depreciation which encompasses condition, utility, age, wear and tear, functional and economic obsolescence.

Construction in progress (CIP) represents building and building/leasehold improvements under construction and is stated at cost. CIP is not depreciated until the relevant assets are completed and put into operational use.

The initial cost of property and equipment consists of its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable cost necessary in bringing the asset to its working condition and location for its intended use. Cost also includes an 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 capitalization threshold for an item to be recognized as property and equipment is ₱50,000 based on COA Circular No. 2022-004 while items whose amounts are below the capitalization threshold are accounted as semi-expendable properties (see Note 2.5).

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the SSS, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. An item of property and equipment is derecognized when 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 SCI in the period of retirement or disposal.

Expenditures incurred after the item has been put into operation, such as repairs and maintenance, are normally recognized as expenses in the period such cost is 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 life of each part of an item of property and equipment.

Consistent with COA Circular No. 2017-004, the estimated useful life of property and equipment are as follows:

Assets	Useful Life
Building and other structures	10-30 years
Furniture and equipment/ computer Hardware	5-10 years
Land improvements	10 years
Transportation equipment	7 years
Leasehold improvements	10-30 years or the term of lease whichever is shorter

Property and equipment except land and construction in progress have residual value equivalent to five per cent of the acquisition cost for assets recorded in 2022. The property and equipment acquired in prior years are presented at ten per cent residual value.

Leasehold improvements are amortized over the shorter of the terms of the covering leases or the estimated useful life of the improvements.

Fully depreciated assets are retained in the accounts until they are no longer in use.

SSS-owned artworks are classified as (a) *First class artworks*- are art collections or individual pieces, including various paintings, statues and sculptures probably (but not solely) acquired in artistic auctions and held primarily as a store of wealth and usually have some cultural or historical value. The primary goal of acquiring these artworks are for investment purposes, (b) *Office artworks*- represent pieces that are held primarily for decorating the office or workplace, (c) *Inseparable artworks*- are painting made on walls and cannot be separated from the property to which it was made, and (d) *Ordinary artwork*- are pieces (e.g. posters) with relatively small acquisition cost, used solely for administrative purposes, with no or very small residual value, often subject to wear and tear. All SSS-owned artworks are measured at cost except for First class artworks which are measured at fair value and apply the asset capitalization threshold.

2.9. Right-of-use assets

The system recognizes the right-of-use (ROU) asset for the right to use the underlying asset over the lease term. ROU asset is initially measured based on the present value of the lease payments plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on which it is located, less any lease incentives received.

The ROU assets are amortized over the term of the lease and are depreciated on a straight-line basis over the term of the lease contract. Whenever the lease contract ended/terminated or when the branch transfers or relocates to another property, the ROU and corresponding lease liability are derecognized from SSS books of accounts.

2.10. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. They comprise software and licenses. 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 life, 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. Intangible assets-software are derecognized upon disposal of the computer equipment where the software is attached while licenses are derecognized upon expiration of license agreement with complete documentations.

2.11. Impairment of non-financial assets

The carrying amount of non-financial assets, other than investment property and NCAHFS is assessed to determine whether there is any indication of impairment, or whether 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 charges for future periods are 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 carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years.

2.12. 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' contribution

Revenue is recognized from member contributions when it falls due or when earned, not necessarily when collected or when cash is received with the following criteria: (a) collectability is reasonably assured (e.g., the employer can be reliably expected to pay the contribution); (b) sufficient documentation exists; and (c) the contribution due is determinable.

The SSC under its Resolution No. 161-s. 2021 dated April 08, 2021, approved the Accounting Policy on Accrual of Revenues from Member Contributions and Expenses for Member Benefits. The accrual of member contributions procedural guidelines includes the following:

1. Employers shall be assessed for collectability.
 - a. In the initial phase (Phase 1), accrual shall be applied to large accounts employers starting CY 2020. Phase 2 covering all active employers was implemented in CY 2022.
 - b. The employer must be paying for at least three years and with continuous payment for the last six months which shall be recomputed by semester.
 - c. Accrual shall stop if the employer has no payment for three consecutive months prior to applicable month.
2. Contribution collections from active regular employers who pass the collectability assessment shall be accrued using as basis the electronic Collection System (e-CS) which automates the generation of Payment Reference Number (PRN).
3. Analysis of the accrual report:
 - a. The generated PRN shall be recorded as receivable, and revenue based on the applicable month.
 - b. If the employer paid, the accrual entries will be cleared or will be adjusted accordingly if with error.

- c. Provision for impairment shall be recorded in accordance with existing ECL policy.

Contributions from other employers that are not yet included in the accrual process, self-employed and voluntary members' contribution shall be recorded on a cash basis.

Contributions from Flexi-Fund, PESO Fund, WISP and WISP Plus Fund members are reported as part of trust liabilities.

b. Interest and penalty income

Revenue is recognized as the interest and penalty accrues, taking into account the effective yield on the asset and computed based on the following approved policy:

- Accrual of interest and penalties earned on loans shall only be allowed if the loans and other credit accommodations are current and performing.
- Loans are current and performing if any principal and/or interest are paid for at least 90 days from the contractual due date.
- No accrual of interest and penalty is allowed if a loan has become non-performing. Interest and penalty on non-performing loans shall be taken up as income only when actual payments are received.
- Loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal, interest and penalty is unlikely without foreclosure of collateral, if any.
- All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest and/or penalty are unpaid for more than 90 days from contractual due dates or accrued interest for more than 90 days have been capitalized, refinanced, or delayed by agreement.

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.

2.13. Expense recognition

Expenses are recognized in the statement of comprehensive income upon utilization of the service or at the date they are incurred for operational and benefit expenses.

The accrual of benefit expense is recognized when the transaction occurs or when the expenses are incurred, not necessarily when they are paid or disbursed with the following criteria being met: (a) there is an obligating event that creates a legal or constructive obligation that results in an entity having no realistic alternative to settling that obligation; and (b) the amount of expense is determinable or can be reliably estimated in the case of accrued expense.

The procedural guidelines for the accrual of benefit expenses include the following:

1. Phase 1 - Retirement benefits and Phase 2 - Disability benefits, both for pensions only, were implemented in 2021 and prior years' accruals
 - a. Benefit filed and encoded in the Benefit System but not yet settled (i.e., in-process claims) or incurred benefits but not yet paid (IBNP);
 - b. Benefits entitlements but not yet filed (i.e., compulsory retirement), or incurred benefits but not yet reported (IBNR); and
 - c. Adjustments of the portion of initial pension benefits (i.e., advance 18 months) paid but applicable after the financial statement reporting period.

2. For 2022, Phase 3 was implemented to include Sickness and Maternity, Unemployment, Retirement, Disability, Death, and Funeral Benefits following the guidelines set in Office Order No. 2023-006:
 - a. The unfiled compulsory retirement benefit, in lump sum or monthly pension, shall be computed from date of contingency to December 31 of the reporting year until the member reaches age 80.
 - b. The basis for accrual of approved benefit claims for payment shall be the amount of unpaid LOI as December 31 of the reporting year.

Further, the Actuarial Services Division (ASD) provided the factors that were applied for each age (65-80) for the computation of the benefit accruals for the compulsory retirement benefit. Such factors were based on the actual retirement and membership data by age from 2018 to September 2022, with 10% added conservatism.

2.14. Leases

a. SSS as lessee

At inception of the contract, the SSS has assessed that the contract contains a lease that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The System assessed whether:

- The contract involves the use of an identified asset – which the asset is physically distinct or represents substantially all the capacity of a physically distinct asset;
- The System has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The System has the right to direct the use of the asset and it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

As a lessee, the SSS classified leases as an operating lease based on its assessment of non-transferability of the risks and rewards of ownership. The right-of-use asset is recognized for lease contracts that have a term of more than twelve months at the commencement date of the lease.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using applicable Bloomberg's PHP BVAL rates. The BVAL rate used in 2022 is based on the term specified in the contract.

In applying PFRS 16, SSS has used the following practical expedients permitted by the Standard:

- The use of applicable BVAL rate to a portfolio of leases depending on the term on the lease of contract;
- Reliance on previous assessments on whether leases are onerous;
- The accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2022 as short-term leases on a straight-line basis;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

SSS has also elected not to reassess existing lease contracts at the date of initial application. Instead, for contracts entered before the transition date, SSS relied on its assessment made applying PAS 17. Accrued rent payable is also adjusted accordingly.

The SSS leases various offices nationwide. Rental contracts are typically made for fixed periods of three to eight years but may have extension options. Lease terms are negotiated

on an individual basis and contain a wide range of different terms and conditions.

b. SSS as lessor

Leases, where the SSS does not transfer to the lessee substantially all the risk and benefits of ownership of the asset, are classified as operating leases. Lease income from operating leases is recognized as income on a straight-line basis over the lease term.

In any case, SSS does not enter into a finance lease agreement.

2.15. Related party disclosures

PAS 24 ensures that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may be affected by the existence of related parties and by transactions and transactions and outstanding balances with such parties. Related party transactions are transfer of resources, services or obligations between SSS and its related parties, regardless of whether a price is charged.

2.16. Provisions and contingencies

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.

A provision is recognized when, as a result of a past event, the SSS has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle that obligation. However, it requires the approval of the SSC and the setup of a budget for the actual expenditure required to settle the obligation.

In CY 2020, SSS adopted PFRS 4 and recognized contingent liability for the present value of future benefits and expenses, less the present value of future contributions discounted at the appropriate risk-free discount. The change in accounting treatment from PAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* is in compliance with the government's directive of treating government insurance institutions as self-sustaining insurance institutions.

2.17. Prepayments

Prepayments are the usual advances to suppliers and creditors including the cash deposit to the Procurement Service of the Department of Budget and Management (DBM). The advances to suppliers and creditors are expensed monthly. Also included is the benefit expense for the first 18 monthly retirement pension to members who opted to avail themselves of the advance retirement benefits.

2.18. Income taxes

Based on Section 16, RA No. 11199, as amended, the SSS and all its assets and properties, all contributions collected and all accruals thereto 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 import duty. Thus, SSS is exempt from paying income taxes to the government.

2.19. Transactions in foreign currencies

Transactions in foreign currencies are initially recorded in Peso at the spot exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the prevailing functional currency rate at the reporting date. Exchange rate differences arising from the restatement or settlement of monetary items are recognized in profit or loss in the year in which they arise.

2.20. Events after the reporting date

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

3. CASH AND CASH EQUIVALENTS

This account is composed of the following:

	2022	2021
Cash on hand	1,214,600,920	796,322,123
Cash in bank	7,455,888,556	4,666,857,995
Cash equivalents	15,561,302,478	16,612,068,890
	24,231,791,954	22,075,249,008

Cash in banks earns interest at the respective bank deposit rates. Time and special savings deposits (TD/SSD) are made for varying periods of up to 90 days depending on the immediate cash requirements of SSS and earn interest at the prevailing time and special savings deposit rates.

Interest rates per annum range from 0.10 per cent to 5.7 per cent for time and special savings deposits which are dependent on the tenor with overnight (one day) placement at the minimum. Savings and current accounts interest rates are non-earning to 0.40 per cent per annum.

In consideration of the banks' making their deposit pick up facility available to the SSS, the latter agreed to maintain an average daily balance of ₱1 million and ₱10 million with DBP and LBP/UBP, respectively, in a non-drawing interest bearing current account/savings account (CASA) with each of the banks' servicing branches. As at December 31, 2022, the amount of ₱385 million is being maintained in said banks for such purpose.

Interest income earned from cash in banks and term deposits amounted to ₱652.735 million and ₱420.258 million as at December 31, 2022 and 2021, respectively (see Note 23).

4. FINANCIAL ASSETS

This account is composed of the following:

4.1 Current Financial Assets

	2022	2021
Financial assets – at FVTPL		
Government securities	30,994,202,297	32,736,514,630
Equity securities	35,433,492,544	27,241,636,732
Externally managed fund	1,117,757,413	4,551,501,502
Investment in mutual fund	3,802,772,213	3,149,466,800
Corporate bonds	62,803,169	254,985,154
	71,411,027,636	67,934,104,818
Financial assets – at amortized cost		
Investment in bonds – local		
Government bonds	9,245,716,827	5,113,223,347
Debenture bonds	200,000,000	400,000,000
Corporate bonds	3,318,450,000	2,665,790,000
Corporate notes	0	2,324,638,628
Government notes	510,000,000	0
	13,274,166,827	10,503,651,975
Allowance for impairment loss	(11,773,810)	(7,771,404)
	13,262,393,017	10,495,880,571
	84,673,420,653	78,429,985,389

The fair value of financial assets through profit or loss is 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.

Pursuant to Section 26-A of the RA No. 11199, the engagement of seven local fund managers (LFM) was approved by SSC under its Resolution No. 1035-A dated December 12, 2018 to manage portion of SSS Investment Reserve Fund with total original deployed investment of P9 billion under the following mandates: pure equity fund mandate; pure fixed income mandate and balanced fund mandate. As at December 31, 2022, the managed fund is reduced to P1.117 Billion due to redemption of investment from four local fund managers.

Investment in mutual fund is an investment vehicle made up of a pool of money collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and other assets managed by professional fund managers. Investment in domestic mutual fund was approved by SSC under Resolution Nos. 351 and 509-s. 2018 dated April 25 and June 20, 2018 respectively, with a P3 Billion allotment. The said amount is invested and

distributed at P1 Billion each to the three accredited mutual fund companies, namely: Philequity Fund, Inc., Philippine Stock Index Fund Corp. and Sun Life of Canada Prosperity Balanced Fund, Inc. As at December 31, 2022 and 2021, the value of invested funds amounted to P3.803 Billion and P3.149 Billion, respectively.

The costs of the financial assets at FVTPL are as follows:

	2022	2021
Government securities	31,649,768,463	32,358,009,181
Equity securities	38,091,296,320	24,430,834,603
Externally managed fund	1,000,000,000	4,180,000,000
Investment in mutual fund	4,017,340,588	3,113,255,421
Corporate bonds	66,025,862	254,584,966
	74,824,431,233	64,336,684,171

4.2. Non-Current Financial Assets

	2022	2021
Financial assets at amortized cost		
Investment in bonds – local		
Government bonds	249,905,373,430	215,349,242,889
Debenture bonds	2,613,170,775	2,813,170,775
Corporate bonds	28,870,708,686	19,084,974,765
Corporate notes	2,653,220,000	1,680,000,000
Government notes	0	510,000,000
	284,042,472,891	239,437,388,429
Allowance for impairment	(115,403,202)	(32,312,253)
	283,927,069,689	239,405,076,176
Financial assets at FVTOCI		
Equity securities	94,809,448,861	100,630,984,665
Government bonds	32,453,718,850	41,643,707,946
Corporate notes	1	1
Corporate bonds	498,840,920	508,065,035
Allowance for impairment – corporate bonds	127,762,008,632	142,782,757,647
	(7,576,225)	0
	127,754,432,407	142,782,757,647
	411,681,502,096	382,187,833,823

The fair value of the FVTOCI financial asset is 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. The cost of the financial assets as at December 31, 2022 and 2021 is P153.818 Billion and P151.948 Billion, respectively.

Notes and bonds earn interest at 1.50 to 18.25 per cent depending on the amount and terms of the investment. Interest income earned from investments in notes and bonds – local as at December 31, 2022 and restated 2021 is P14.061 Billion and P11.543 Billion, respectively (see Note 23).

Movements in Financial Assets (FA) are as follows:

	Government Securities	Equity Securities	Corporate Bonds	Investment in Mutual Fund	Externally Managed Fund	Total
FA at FVTPL, January 1, 2022	32,736,514,630	27,241,636,732	254,985,154	3,149,466,800	4,551,501,502	67,934,104,818
Purchases	4,390,130,943	13,721,040,047	86,263,727	867,873,787	0	19,065,308,504
Fair Value Gain	650,279,814	11,997,972,008	4,164,133	637,047,576	25,152,248	13,314,615,779
Fair Value Loss	(1,693,923,435)	(14,403,367,083)	(7,510,866)	(851,615,950)	(103,640,429)	(17,060,057,763)
Sales/Disposal	(5,088,799,655)	(3,123,789,160)	(275,098,979)	0	(3,355,255,908)	(11,842,943,702)
FA at FVTPL, December 31, 2022	30,994,202,297	35,433,492,544	62,803,169	3,802,772,213	1,117,757,413	71,411,027,636

	Government Securities	Equity Securities	Corporate Bonds	Investment in Mutual Fund	Externally Managed Fund	Total
FA at FVTPL, January 1, 2021	24,131,015,975	14,018,329,535	0	3,075,426,202	9,716,702,606	50,941,474,318
Purchases	10,663,840,479	15,766,919,189	254,584,966	37,829,219	0	26,723,173,853
Fair Value Gain	705,258,454	8,570,304,417	4,134,765	615,517,930	481,967,619	10,377,183,185
Fair Value Loss	(1,314,086,797)	(5,463,085,263)	(3,734,577)	(579,306,551)	(602,249,566)	(7,962,462,754)
Sales/Disposal	(1,449,513,481)	(5,650,831,146)	0	0	(5,044,919,157)	(12,145,263,784)
FA at FVTPL, December 31, 2021	32,736,514,630	27,241,636,732	254,985,154	3,149,466,800	4,551,501,502	67,934,104,818

	Government Securities	Securities	Corporate Notes/Bonds	Total
FA at FVTOCI, January 1, 2022	41,643,707,946	100,630,984,665	508,065,036	142,782,757,647
Accumulated Impairment Loss	0	0	0	0
Net Book Value, January 1, 2022	41,643,707,946	100,630,984,665	508,065,036	142,782,757,647
Purchases	0	6,544,065,056	0	6,544,065,056
Cumulative Change	(4,496,501,430)	(12,322,307,983)	(9,224,115)	(16,828,033,528)
Sales/Disposal	(4,693,487,666)	(43,292,877)	0	(4,736,780,543)
Impairment (Loss) Recovery	0	0	(7,576,225)	(7,576,225)
FA at FVTOCI, December 31, 2022	32,453,718,850	94,809,448,861	491,264,696	127,754,432,407

	Government Securities	Equities	Corporate Notes/Bonds	Total
FA at FVTOCI, January 1, 2021	49,373,547,174	84,511,644,717	523,852,556	134,409,044,447
Accumulated Impairment Loss	0	0	0	0
Net Book Value, January 1, 2021	49,373,547,174	84,511,644,717	523,852,556	134,409,044,447
Purchases	0	41,939,319	0	41,939,319
Cumulative Change	(3,981,213,738)	18,650,139,395	(15,787,520)	14,653,138,137
Sales/Disposal	(3,748,625,490)	(2,572,738,766)	0	(6,321,364,256)
FA at FVTOCI, December 31, 2021	41,643,707,946	100,630,984,665	508,065,036	142,782,757,647

	Government Securities	Corporate Notes/Bonds	Total
FA at AC, January 1, 2022	224,185,637,011	25,755,403,393	249,941,040,404
Accumulated Impairment Loss	0	(40,083,657)	(40,083,657)
Net Book Value, January 1, 2022	224,185,637,011	25,715,319,736	249,900,956,747
Purchases	49,602,702,859	15,257,845,154	64,860,548,013
Amortization	(442,291,156)	(299,861)	(442,591,017)
FOREX Gain	79,500,000	0	79,500,000
FOREX Loss	(27,500,000)	0	(27,500,000)
Sales	(10,923,787,682)	(6,170,570,000)	(17,094,357,682)
Impairment (Loss) Recovery	(14,065,854)	(73,027,501)	(87,093,355)
FA at AC, December 31, 2022	262,460,195,178	34,729,267,528	297,189,462,706

	Government Securities	Corporate Notes/Bonds	Total
FA at AC, January 1, 2021	172,990,489,131	31,475,657,354	204,466,146,485
Accumulated Impairment Loss	0	(110,332,663)	(110,332,663)
Net Book Value, January 1, 2021	172,990,489,131	31,365,324,691	204,355,813,822
Purchases	56,501,332,090	5,582,242,706	62,083,574,796
Amortization	(542,984,210)	2,223,333	(540,760,877)
FOREX Gain	7,000,000	0	7,000,000
FOREX Loss	(2,500,000)	0	(2,500,000)
Sales	(4,767,700,000)	(11,304,720,000)	(16,072,420,000)
Impairment (Loss) Recovery	0	70,249,006	70,249,006
FA at AC, December 31, 2021	224,185,637,011	25,715,319,736	249,900,956,747

5. RECEIVABLES

This account consists of the following:

	2022	2021
Current		
Loans and receivable	85,259,304,632	70,941,148,563
Lease receivable	184,570,424	290,208,363
Other receivables	1,111,550,128	1,656,587,010
	86,555,425,184	72,887,943,936
Allowance for impairment	(2,946,599,525)	(5,226,805,049)
	83,608,825,659	67,661,138,887
Non-Current		
Loans and receivable	86,053,402,787	77,751,189,984
Lease receivable	15,440,522	15,779,981
Other receivables	1,757,787,160	1,197,736,311
	87,826,630,469	78,964,706,276
Allowance for impairment	(20,436,537,577)	(21,894,922,988)
	67,390,092,892	57,069,783,288

Loans and receivable account is composed of receivables from short-term member loans, and housing loans due within twelve months. It also includes contribution and premium receivable, interest, dividend, and sales contract receivables. The account receivable collecting bank/agent is now presented under the Loans and receivable account from previous classification under Other receivables per COA Circular No. 2021-005. These are measured at amortized cost with provision of impairment loss pursuant to PFRS 9 and the policy guidelines on the recognition of ECL.

Loans receivable includes receivable from Waterfront Philippines, Inc. (WPI) amounting to ₱375,000,000 based on Supreme Court Notice dated 21 September 2022 which resolves to deny reconsideration with finality on G.R. No. 248337 dated 06 July 2021.

The composition of the current and non-current portion of Loans receivable is as follows:

	2022	2021
Current		
Loans receivable	60,873,459,903	63,280,761,778
Interest receivable	5,734,687,460	4,603,851,918
Contribution and premium receivable	17,712,941,215	1,959,701,040
Receivable-CBs/CAs	885,112,776	820,740,439
Dividend receivable	52,658,513	275,625,079
Sales contract receivable	444,765	468,309
	85,259,304,632	70,941,148,563
Non-Current		
Loans receivable	62,434,732,026	54,046,445,031
Interest receivable	12,593,356,283	12,593,356,283
Sales contract receivable	1,265,629,021	1,211,762,935
Loan to other government corporation	9,426,787,178	9,566,230,283
Receivable collecting banks/agents	332,898,279	333,395,452
	86,053,402,787	77,751,189,984

a. *Loans receivable* is recognized at amortized cost and composed of the following:

	2022	2021
Member loans	116,638,419,769	112,294,712,372
Housing loans	1,020,216,277	1,412,321,606
Pension loans	5,562,827,380	3,533,444,328
Commercial and industrial loans	69,509,283	69,509,283
Program member assistance for development entrepreneurship (MADE)	17,219,220	17,219,220
	123,308,191,929	117,327,206,809
Allowance for impairment	(6,142,023,609)	(10,304,030,997)
	117,166,168,320	107,023,175,812

Member loans are receivables from salary, emergency, calamity and separated member loan, educational assistance loan program, student assistance loan, stock investment loan, privatization loan fund, loan to vocational/technical students, special education loan fund and restructured member loans granted to SSS' members.

The Loan Restructuring Program (LRP), which ended on April 1, 2019, has covered the member-borrowers affected by previous calamities/disasters with past due calamity loans and other short-term member loans. The total principal and accrued interest of all past due short-term loans of the member-borrower were consolidated into one Restructured Loan (RL1). Penalties were condoned after full payment of outstanding principal and interest of RL1 within the approved term. However, if the balance of RL1 is not zeroed at the end of the term, the unpaid principal of RL1 and the proportionate balance of condonable penalty become part of a new principal under Restructured Loan 2 (RL2). The balance of the restructured member loan as at December 31, 2022 amounted to ₱12.601 Billion with accumulated impairment provision of ₱610.853 Million.

The Educational Assistance Loan Program, which is part of the Member loans, amounted to ₱5.385 Billion consisting of the 50:50 SSS and NG (National Government) shares, has been expended/extended as loans to member beneficiaries as at December 31, 2022. The loans for degree course shall be payable in five years to start 18 months 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 releases. 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 and penalty on overdue amortization as at December 31, 2022 and 2021 are ₱10.354 Million and ₱43.325 Million, respectively.

Housing Loans are real estate loan (REL) and employee housing loans program (EHL). Real estate loans included five different products: Regular, Pari-passu, Participating Financial Institution (PFI), Overseas Filipino Worker (OFW), and Trade Union Member (TUM). The regular loan is a housing loan program for covered employers and employees, separated paying members and self-employed members directly granted by SSS in 1959. Pari-passu is a joint housing loan program of the SSS and the SSS' accredited participating financial institutions (PFIs) which enables a member to acquire housing unit costing more than ₱1 Million. There are two (2) funders for the loan, SSS and PFI who will share pro-rata depending on their loan exposure. Loan to PFI is an SSS loan to accredited financial institutions like commercial banks, investment houses and financing companies. The real estate loan for OFWs is designed to support the Government's Shelter Program, which aims to provide socialized and low-cost housing to overseas Filipino contract workers. TUM is designed to provide socialized and low-cost housing to workers who are bonafide members of duly registered and accredited worker's organizations. EHL is a

housing loan program offered to all SSS officials and employees, which started in 1991.

Pension Loans are loans of SSS pensioners under the Pension Loan Program (PLP), which was launched on September 3, 2018 to provide financial aid to qualified SSS retiree pensioners by way of providing low-interest loans. The program was approved by the SSC under Resolution No. 341 dated April 25, 2018 and its implementing guidelines were issued under Office Order No. 2018-033 dated May 8, 2018. After 10 months of implementation, the SSC under its Resolution No. 429-s. 2019 dated July 5, 2019 approved the enhancement of the program in terms and conditions of the PLP. Among the highlights of the enhancements are as follows: (1) the maximum loan limit increased from ₱32,000 to ₱200,000; (2) the age of the retiree pensioner at end of the month of loan term changed from 80 years of age or below to 85 years of age and below; and (3) longer loan repayment terms from 12 months to 24 months. The monthly amortization of the pension loan shall be deducted from the monthly pension of the pension loan borrower in which the first monthly amortization shall become due on the second month after the loan was granted. Interest rate remains at 10 per cent per annum until fully paid computed on a diminishing principal balance, which shall become part of the monthly amortization. Loan releases for CY 2022 reached 127,918 amounting to ₱5.95 Billion and interest income recognized is ₱385.588 Million.

Commercial and industrial loans are loan programs through conduit arrangement with the accredited participating financial institutions (PFIs)/banks and covered by the Omnibus Credit Line (OCL). The SSS made available the funds of the program to the PFIs, which will on-lend the fund to eligible borrowers/end-users. The programs are being implemented in accordance with the guidelines, and terms and conditions in the PFIs OCL.

Program MADE are loans released/restructured between CYs 1991 to 1994 to cooperatives, which was approved under SSC Resolution No. 502 on September 7, 1989 to encourage the promotion of livelihood enterprises through community-based organizations to create and sustain local employment opportunities.

- b. *Interest receivable* account represents the accrued interest from various SSS investments such as cash equivalents, notes and bonds, and loans and receivables which are still uncollected as at reporting period. Likewise, the penalty receivable represents the accrual of penalty income from various delinquent loans. These accounts are credited whenever cash is collected, either monthly, quarterly, semi-annually or annually depending on the interest/penalty payment dates of the investment. This includes receivable from WPI amounted to ₱828,941,972 based on 12 per cent legal interest from October 28, 1999 to June 30, 2013, and 6 per cent legal interest from July 1, 2013 to December 31, 2022.

As at December 31, 2022 and 2021, the accrued interests are as follows:

	2022	2021
Government notes and bonds	4,296,888,727	3,899,114,076
Member loans	255,621,985	363,515,098
Corporate notes and bonds	274,118,019	173,428,395
Debenture bonds	40,625,430	103,089,229
Receivable from Private and Gov't Agencies	830,446,028	43,295,000
Cash equivalent and Short-term Money Placement	23,590,222	7,759,974
Sales contract receivable	8,437,264	7,641,210
Housing loans	4,959,785	6,008,936
	5,734,687,460	4,603,851,918
Allowance for impairment	(397,039,963)	(34,031,405)
	5,337,647,497	4,569,820,513

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

	Interest Rate (Per Annum)
Loans receivable	
Member loans	3.0 to 10.0
Housing loans	3.0 to 14.0
Pension loans	10.0
Commercial and industrial loans (CIL)	2.5 to 16.0
Loan to other govt. corporation – NHMFC	4.0
Sales contract receivable	6.0 to 14.0

Non-current interest receivable includes those originated from Home Guaranty Corporation (HGC) guaranteed corporate notes and loan to National Home Mortgage Finance Corporation (NHMFC) amounting to ₱12.575 Million and ₱12.575 Million for CYs 2022 and 2021, respectively.

The SSC approved SSS' participation and invested in various HGC (now Philippine Guarantee Corporation or PGC) guaranteed Asset Participation Certificates (APC) from CY 1995 to CY 2000. However, the Asset Pools failed to service the regular interest due to 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 guaranteed obligations and partially settled it through the issuance of debenture bonds and transfer of 19 lots through Dacion en Pago. From CY 2005 to CY 2013, correspondence and meetings were sent and

conducted, respectively, between and among SSS, HGC and the Department of Finance (DOF). Upon approval of the SSC under Resolution No. 899 dated November 27, 2013, SSS formally filed with Office of the Government Corporate Counsel (OGCC) the Petition for Arbitration and Adjudication versus HGC (Arbitration Case No. 2013-004). The amount subject of arbitration was P5.24 billion covering principal, HGC-guaranteed interest, and compound interest. Thereafter, negotiations continued between PGC and SSS until an agreement has been reached with SSS condoning 4.972 per cent of the guaranteed interest resulting in a settlement value of ₱4.813 Billion. The Memorandum of Agreement (MOA) was executed on August 26, 2021 to settle all disputes and to put an end to the arbitration case. Upon approval of the MOA by the Department of Justice (DOJ) on December 23, 2021, PGC shall pay SSS with the following terms and conditions:

Cash Payment:

- Upon approval of the Department of Justice/Secretary of Justice (DOJ/SOJ) of the MOA with fixed interest rate of 2.01% p.a. from October 31, 2020 to actual payment date 1,100,000,000.00

Deferred Cash Payment

- Year 2 to 4 (₱100 Million per year) 300,000,000.00
- Year 5 200,000,000.00
- With fixed interest rate of 3.0% p.a., payable semi-annually, to be computed based on actual number of days effective October 31, 2020

PGC Debenture Bond – Backed by Sovereign Guaranty

- Year 1 to 4 redemption (₱200 Million per year) 800,000,000.00
- Year 5 (Balloon payment of balance) 2,413,170,775.22
- With fixed interest rate of 3.0% p.a., payable semi-annually, to be computed based on actual number of days effective October 31, 2020

Settlement value as of October 31, 2020 4,813,170,775.22

As at December 31, 2022, the total outstanding obligation of PGC is ₱3.155 Billion, broken down as follows:

Particulars	Deferred cash payment	PGC Debenture bonds	Total
Principal	300,000,000	2,813,170,775	3,113,170,775
Interest	1,504,110	40,625,430	42,129,540
	301,504,110	2,853,796,205	3,155,300,315

- c. **Contribution and premium receivable** represents accrued receivables due for the next month which is the next calendar year following the policy approved by the SSC (see Note 2.12a). However, for 2021, accruals were not effected due to non-separability of the MPF from the SSS Contribution which requires IT enhancements. Due to the volume of transactions, computation can only be done electronically.
- d. **Receivables** – CB/CA account represents premium contributions and loan payments collected by accredited banks and agents but not yet remitted to SSS. This account is debited upon receipt of collection/remittance data/reports that are electronically transmitted by the CBs/CAs, which are uploaded by the SSS Data Center Operations Department from different CBs/CAs servers and credited for the total remittances appearing in the bank statements. The balances of the account were presented net of negative balances totaling ₱335.212 Million and ₱434.796 Million as at December 31, 2022 and 2021, respectively, which are mostly prior years' transactions due to un-submitted valid collection/remittance data/reports.
- e. **Dividend receivables** are cash dividends earned but not yet received on shares of stocks that are held as FA at FVTPL and FA at FVTOCI.
- f. **Sales contract receivables** are contracts arising from deed of conditional sale executed by the SSS with properties under NCAHFS to various buyers of the said properties.
- g. **Loans to other government corporation** refers to loans to NHMFC as mandated under Executive Order (EO) No. 90 to be the major government home mortgage institution whose initial main function was to operate a viable home mortgage market, utilizing long-term funds principally provided by the SSS, the GSIS, and Home Development Mutual Fund (HDMF), to purchase mortgages originated by both the private and public institutions within the Unified Home Loan Program (UHL) guidelines. In accordance with the mandates of EO No. 90, the SSC in its Resolution No. 509 dated August 4, 1988 approved the long-term

loans to NHMFC for low-income SSS members. Total loan releases from CY 1988 to CY 1995 amounted to ₱30.075 Billion with total housing loan borrowers/beneficiaries of 135,229. In CY 1996, a substantial number of UHL 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. On December 17, 2003, the SSC under Resolution No. 684 approved the restructuring of NHMFC's total obligations of ₱40.515 Billion broken down into: Principal (Low, Mod & High Del) – ₱27.940 Billion, Accrued Interest ₱11.961 Billion and Penalty – ₱0.614 Billion. The interest and penalty were not capitalized during the restructuring and are to be paid after full satisfaction of restructured principal obligation per Restructuring Agreement.

As at December 31, 2022, the total outstanding obligation of NHMFC is ₱22.005 Billion, broken down as follows:

Principal	9,426,787,178
Interest	11,964,198,418
Penalty	614,104,940
	22,005,090,536

The DOF in its letter dated October 19, 2020 informed SSS that the ₱10 Billion shall be considered in the CYs 2022 to 2024 budget allocation for the Net Lending Program to NHMFC in view of the tight fiscal space of the National Government (NG) for CY 2020 and CY 2021.

Lease receivable consists of operating lease receivables from contract of lease executed with the lessees. It represents accrual of rental income from tenants of SSS which are collectible within a year. Rent/lease income is derived from investment properties, ROPA and operating assets, and recognized a total income of ₱1.244 Billion and ₱1.205 Billion as at December 31, 2022 and 2021, respectively (see Note 33).

	2022	2021
Current		
Operating lease receivable	184,570,424	290,208,363
Allowance for impairment	(75,374,379)	(159,464,944)
	109,196,045	130,743,419
	2022	2021
Non-Current		
Operating lease receivable	15,440,522	15,779,981
Allowance for impairment	(15,440,519)	(15,779,978)
	3	3

Other receivables consist of the following:

	2022	2021
Current		
Penalty receivable	528,345,037	265,472,682
Receivables – disallowances charges	25,724,993	28,117,072
Insurance claims receivable	1,055,339	1,001,940
Due from officers and employees	9,632,732	623,001
Other receivables	546,792,027	1,361,372,315
	1,111,550,128	1,656,587,010
Allowance for impairment	(197,612,687)	(27,103,843)
	913,937,441	1,629,483,167
Non-Current		
Due from officers and employees	101,323,574	141,725,318
Others	1,656,463,586	1,056,010,993
	1,757,787,160	1,197,736,311
Allowance for impairment	(304,813,147)	(460,638,855)
	1,452,974,013	737,097,456

Penalty receivable is broken down as follows:

	2022	2021
Penalty Receivable		
Member loans	527,638,629	264,753,864
Housing loans	14,219	32,722
Rental receivable	656,813	430,348
Sales contract receivable	35,376	255,748
	528,345,037	265,472,682
Allowance for impairment	(27,526,535)	(27,103,843)
	500,818,502	238,368,839

Receivable – disallowances/charges are disallowances in audit due from SSS officials and employees which have become final and executory.

Insurance claims receivables pertain to the amounts due from insurance companies for the unpaid pension loan and housing loan balances due to death of pensioner-borrower and member-

borrower, respectively.

Due from officers and employees are the amount of claims receivable from SSS officers and employees for PIB refund, car loan, hospitalization and other receivables from officers and employees.

Other receivables consist of accounts such as:

Current		
	2022	2021
Sale of financial assets	38,267,256	42,942,733
Supplier's creditable tax	18,180,083	14,210,973
Mutual fund management fee rebate	3,483,515	3,379,731
Private and Government agencies	475,000,000	1,300,000,000
Others	11,861,173	838,878
	546,792,027	1,361,372,315
Allowance for impairment	(170,086,152)	0
	376,705,875	1,361,372,315
Non-current		
	2022	2021
Receivable from PESO Fund	50,000,000	50,000,000
Receivable from WISP Plus Fund	1,000,000,000	0
Private and Government agencies	606,463,586	1,006,010,993
	1,656,463,586	1,056,010,993
Allowance for impairment	(294,125,782)	(449,571,490)
	1,362,337,804	606,439,503

Other Receivables arising from sale of financial assets pertain to equity securities which have been sold but remain unpaid as of reporting period.

The account *Receivable-Supplier's creditable tax* is debited to recognize the amount of creditable withholding taxes (i.e. expanded withholding tax (EWT) and value-added-tax (VAT) on year-end accrued expenses not yet deducted from the payment to supplier but remittance to BIR in the following month will be advanced by SSS. This account is credited upon payment to supplier.

Rebate on management fees from mutual fund companies represent refunds not yet converted into additional shares as of the reporting period.

Private and government agencies is composed of the receivable from Philippine Guaranty Corporation (PGC) as settlement of Home Guaranty Corporation (HGC) delinquent *accounts*. It also includes the receivable from Waterfront Philippines Inc. (WPI) based on Supreme Court Decision dated September 21, 2022, wherein, the court orders mutual restitution between SSS and WPI.

Others include receivable from e-wallet deposit and receivable from GSIS for the amount paid on insurance coverage of some investment properties subjected to double insurance both to GSIS and a private insurance company.

Receivable from PESO Fund is the amount of seed capital provided to the PESO Fund program for its initial operations.

Receivable from WISP Plus Fund is the amount of seed capital provided to the WISP Plus Fund for its initial operations.

Allowance for impairment on expected credit losses for current and non-current receivables are measured depending on the credit exposures and credit risks. Loan accounts that are current or only up to 30 days past due are classified in Stage 1. Those that are more than 30 days but less than 90 days past due are classified at Stage 2, while those that are already past due for more than 90 days are classified at Stage 3

Current		
	2022	2021
Loans receivable	2,276,572,496	4,909,472,652
Contributions and premiums receivable	0	96,732,205
Interest receivable	397,039,963	34,031,405
Operating lease receivable	75,374,379	159,464,944
Other receivables	197,612,687	27,103,843
	2,946,599,525	5,226,805,049
Non-current		
	2022	2021
Loans receivable	3,865,451,113	5,394,558,345
Interest receivable	12,593,356,282	12,593,356,282
Loans receivable–other government corporation	3,112,885,894	3,187,284,803
Sales contract receivable	418,435,945	116,226,107
Receivable – collecting bank/agent	126,154,677	127,078,618
Operating lease receivable	15,440,519	15,779,978
Other receivables	304,813,147	460,638,855
	20,436,537,577	21,894,922,988

Movements in Allowance for Impairment Loss of current and non-current receivables for CY 2022 are as follows:

	Restated Balance, January 1	Additional Provision	Recovery/ Reversal	Balance, December 31
Loans and receivable	26,458,740,417	665,218,396	(4,334,062,443)	22,789,896,370
Lease receivable	175,244,922	0	(84,430,024)	90,814,898
Other receivable	487,742,698	170,508,844	(155,825,708)	502,425,834
	27,121,728,037	835,727,240	(4,574,318,175)	23,383,137,102

The impairment provisions as at December 31, 2022 and 2021 amounted to ₱835.727 Million and ₱2.219 Billion, respectively, and are recognized in the books using the guidelines in recognizing and measuring credit impairment set forth in *Note 2.3a.5* based on the approval of the SSC in its Resolution No. 41-s. 2021.

The Pandemic Relief and Restructuring Program can be availed by member-borrowers with past due loans for at least six months as of the day of condonation period for housing loans and short-term member loans. The availment period for the condonation program is up to three months commencing from November 2021 to February 2022.

6. INVENTORIES

This account is composed of the following:

	2022	2021
Office supplies inventory	73,027,691	73,376,923
Accountable forms inventory	3,347,368	4,317,239
Drugs and medicines	28,111	949,348
Medical, dental and laboratory supplies inventory	1,621,948	1,196,536
	78,025,118	79,840,046
Allowance for impairment	(10,672,519)	(10,672,519)
	67,352,599	69,167,527

Supplies and materials issued and recognized as expense during CYs 2022 and 2021 amounted to ₱186.364 Million and ₱54.746 Million, respectively (see Note 29).

The amount of allowance is the same for CYs 2022 and 2021, details as follows:

	2022	2021
Office supplies inventory	9,871,378	9,871,378
Accountable forms inventory	801,141	801,141
	10,672,519	10,672,519

7. NON-CURRENT ASSETS HELD FOR SALE

This account is composed of the following:

	Amounts
Carrying amount, January 1, 2022	192,660,236
Accumulated impairment loss	(3,999,564)
Net carrying amount, January 1, 2022	188,660,672
Transfer	94,652,736
Cancellation/adjustments	11,216,611
Disposals	(87,785,875)
Impairment, net (loss)/recovery	203,221
Net carrying amount, December 31, 2022	206,947,365

	Amounts
Carrying amount, January 1, 2021	173,586,058
Accumulated impairment loss	(6,522,898)
Net carrying amount, January 1, 2021	167,063,160
Transfer	31,074,670
Cancellation/adjustments	39,364,297
Disposals	(48,446,925)
Impairment, net (loss)/recovery	(394,530)
Net carrying amount, December 31, 2021	188,660,672

The non-current asset held for sale is measured at the lower of carrying amount and of fair value less cost to sell. The fair value is measured based on the assessment of internal/external expert, non-recurring and is level 2 and 3 based on the level of fair value hierarchy. As at December 31, 2022, the impairment loss of ₱3.250 Million and recoveries/reversals of impairment of ₱3.453 Million are recognized in profit or loss.

Had there been no impairment, the carrying amount of the NCAHFS as at December 31, 2022 and 2021 are as follows:

	2022	2021
Acquired assets/Registered	209,074,641	192,660,236
	209,074,641	192,660,236

As for the internally appraised properties classified as NCAHFS, the value of land was established using the Market Data Approach. The initial value of the land is based on the sales and listings of comparable properties. Adjustments were then applied to the gathered value of land by comparing the physical and locational characteristics of the subject property and the comparable properties.

The value of the improvements was arrived at using the Cost Approach. The current reproduction cost of the improvement 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 includes real and other properties acquired which are held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. As at December 31, 2022, SSS has sold 168 properties through cash and installment bases generating gain on sale of ₱118.284 Million, which forms part of the ₱917.681 Million gains generated for CY 2022 (see Note 25).

NCAHFS/ROPA can be leased out momentarily while waiting for its sale to maximize its potential income. As at December 31, 2022, 66 ROPA Acquired Asset properties with a total book value of P55 million are being leased out under a cancellable lease contract that can be terminated anytime without any penalty imposed to SSS. Rental income recorded as at December 31, 2022 and 2021 amounted to P19.357 million and P13.648 million, respectively.

NCAHFS properties that are unsold for more than one year with carrying book value of ₱38.604 Million were reclassified to Investment Property based on the Guidelines on the Classification, Reclassification and Recording of SSS Real Estate Properties approved by the SSC on June 10, 2020 under Resolution No. 292-s. 2020 and ₱133.257 million book value of IP registered accounts were consolidated and transferred to NCAHFS. There are no transfers or sale of NCAHFS to government and non-profit organizations. All properties were sold to private individuals (see Note 9).

8. OTHER CURRENT ASSETS

This account is composed of the following prepayments:

	2022	2021
Prepayments		
Prepaid benefit expense	6,792,657,925	5,641,305,656
Advances to contractors/suppliers	12,000,000	3,000,000
Prepaid rent	469,588	6,029,722
Prepaid insurance	751,454	93,142
Other prepayments	1,083,840	51,837,221
	6,806,962,807	5,702,265,741

Prepaid benefit expense refers to the first 18 monthly retirement pension in lump sum paid to SSS members who opted to avail themselves of the advance retirement benefits. This was approved per SSC Resolution No. 161-s. 2021 (see Note 2.13) and retrospectively applied in the prior year.

Advances to contractors/suppliers represents the ₱3.0 Million cash deposit to Procurement Service (PS)-Philippine Government Electronic Procurement System (PhilGEPS) intended for the Government Fares Agreement (GFA) and ₱9.0 Million fund deposit

to E-Wallet of Virtual Store. This is an initiative of the DBM and the PS-PhilGEPS that will ensure fast, efficient, flexible and savings in time, energy and money when processing the air transportation needs of all government officers and personnel of their domestic trips.

Other prepayments include advance payment for 2023 real estate tax and creditable withholding tax at source from rental or other services deducted by an entity designated by BIR as authorized agent.

9. INVESTMENT PROPERTY

This account is composed of the following prepayments:

	Land	Building	Development Cost	Total
Fair value, January 1, 2022	70,415,119,094	8,651,843,248	9,685,838	79,076,648,180
Transfer	(94,652,736)	0	0	(94,652,736)
Additions	79,185,102	33,950,147	0	113,135,249
Disposal	(1,358,785,010)	(49,275,312)	0	(1,408,060,322)
Fair value gain (loss)	6,606,921,357	720,652,383	0	7,327,573,740
Fair value, December 31, 2022	75,647,787,807	9,357,170,466	9,685,838	85,014,644,111

	Land	Building	Development Cost	Total
Fair value, January 1, 2021	66,222,015,091	8,389,826,993	9,685,838	74,621,527,922
Transfer	(31,074,670)	0	0	(31,074,670)
Additions	52,088,008	0	0	52,088,008
Disposal	(91,429,465)	0	0	(91,429,465)
Fair value gain (loss)	4,263,520,130	262,016,255	0	4,525,536,385
Fair value, December 31, 2021	70,415,119,094	8,651,843,248	9,685,838	79,076,648,180

The costs of investment properties (IP) as at December 31, 2022 and 2021 are ₱13.223 Billion and ₱13.445 Billion, respectively. The decrease in the cost of IP in 2022 was due to the transfer of IP registered accounts with book value of ₱133.257 Million to NCAHFS, wherein the Transfer Certificates of Title (TCT) were already transferred in the name of SSS, while NCAHFS amounting to ₱38.604 Million which remained unsold for more than one year were transferred to IP (see Note 7) and sale of Bella Villa and Pryce Center Makati and the derecognition of the Green Meadows property based on Supreme Court notice dated September 21, 2022, which resolves to deny reconsideration with finality on GR No. 249337 dated July 6, 2021.

Included in the IP account are 11 Raja Santa properties in General Tinio, Nueva Ecija that were offered to the Department of Agrarian Reform (DAR) under the Voluntary Offer to Sell (VOS) scheme of the Comprehensive Agrarian Reform Program (CARP) per SSC Resolution No. 281-s. 2006 dated 19 July 2006. As per records of the Municipal Assessor and the Municipal Agrarian Reform Program Officer of General Tinio, Nueva Ecija, of the 11 lots, eight (8) were already awarded to the beneficiaries. The remaining three (3) lots which are still in the name of the SSS and the ROPA Acquired Assets Division (ROPAAAD) are in the process of requesting from the Register of Deed for the Province of Nueva Ecija the copies of the Certified True Copy (CTC) of the title for the preparation of the request for payment of the land transfer claim of the SSS. Meanwhile, there is a Just Compensation Case still pending in the Regional Trial Court of Cabanatuan to determine the amount paid to the SSS.

The fair value of investment property is determined based on the Cost and Market Approach methods performed by independent

appraisers and in-house appraisers, non-recurring and is Level 2 and 3 based on the level of fair value hierarchy. 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 knowledgeable about 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 SSS Policy in the Classification, Reclassification and Recording of Real Estate Properties identifies the following guidelines when properties are transferred to investment property:

- NCAHFS remained unsold for more than one year
- PPEs which are no longer used for operational purposes
- Mortgage properties that have been registered in the name of SSS

On the other hand, investment property is transferred to NCAHFS or PPE:

- Upon consolidation of the registered property (Transfer Certificate of Title (TCT) in the name of SSS) ready for sale
- Upon approval from approving authority to utilize the property for SSS operational use.

The following amounts are recognized in the Statement of Comprehensive Income:

	2022	2021
Net gain on fair value adjustment	7,342,783,779	4,527,743,785
Rental income	1,216,727,488	1,183,610,613
Penalty on rentals	5,170,883	4,148,619
Gain/loss on sale/disposal	33,066,286	18,619,683
Investment expenses	(46,475,930)	(34,734,246)
Impairment loss – rental and penalty receivable	(185,191)	(12,989,350)
	8,551,087,315	5,686,399,104

The rentals or sale proceeds on the investment properties are subject to the restriction provided under Sections 25 and 26 of RA No. 11199 which states that three (3) 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. As at December 31, 2022, there were 112 investment properties sold which generated a net gain of ₱33.066 Million.

The impairment loss – rental and penalty receivable decreased from ₱12.989 Million in 2021 to ₱185,191 in 2022 primarily due to the reclassification of Rental NCAHFS to Rental IP in 2020. Provision for impairment of the reclassified asset was already provided in 2020, thus minimal impairment loss is recorded since 2021.

Part of the direct operating expenses incurred were for the investment properties as at December 31, 2022 and 2021 amounting to ₱40.792 Million and ₱25.843 Million, respectively.

10. PROPERTY AND EQUIPMENT – NET

This account is composed of the following:

	Land	Land Improvement	Buildings and building/leasehold improvements	Furniture and equipment, transportation equipment, computer hardware and others	Construction in progress	TOTAL
Cost						
January 1, 2022	7,069,778,600	20,714,232	1,458,809,056	3,747,562,504	60,370,681	12,357,235,073
Additions	0	0	0	250,953,388	0	250,953,388
Transfers	0	0	3,014,955	0	(49,066,523)	(46,051,568)
Net revaluation increase	0	0	0	0	0	0
Retirement/cancellations/disposal/adjustments	0	0	(5,429,678)	(1,001,458,609)	0	(1,006,888,287)
Balance, December 31, 2022	7,069,778,600	20,714,232	1,456,394,333	2,997,057,283	11,304,158	11,555,248,606
Accumulated depreciation						
January 1, 2022	0	13,953,592	914,093,184	2,598,590,987	0	3,526,637,763
Depreciation Expense	0	760,886	33,590,634	267,524,117	0	301,875,637
Transfers	0	0	(8,479,233)	0	0	(8,479,233)
Retirement/cancellations/disposal/adjustments	0	0	(3,289,624)	(783,136,758)	0	(786,426,382)
Balance, December 31, 2022	0	14,714,478	935,914,961	2,082,978,346	0	3,033,607,785
Accumulated impairment loss						
January 1, 2022	0	345,844	89,400,625	0	0	89,746,469
Impairment loss/(recovery)	0		(364,935)	0	0	(364,935)
Accumulated impairment loss December 31, 2022	0	345,844	89,035,690	0	0	89,381,534
Carrying amount, December 31, 2022	7,069,778,600	5,653,910	431,443,682	914,078,937	11,304,158	8,432,259,287
	Land	Land Improvement	Buildings and building/leasehold improvements	Furniture and equipment, transportation equipment, computer hardware and others	Construction in progress	TOTAL
Cost						
January 1, 2021	4,543,368,645	19,340,319	1,474,744,980	3,715,142,715	61,744,594	9,814,341,253
Additions	0	0	0	247,978,175	0	247,978,175
Transfers	0	1,373,913	0	0	(1,373,913)	0
Net revaluation increase	2,526,409,955	0	0	0	0	2,526,409,955
Retirement/cancellations/disposal/adjustments	0	0	(15,935,924)	(215,558,386)	0	(231,494,310)
Balance, December 31, 2021	7,069,778,600	20,714,232	1,458,809,056	3,747,562,504	60,370,681	12,357,235,073
Accumulated depreciation						
January 1, 2021	0	12,745,085	897,745,495	2,478,332,040	0	3,388,822,620
Depreciation Expense	0	1,208,507	31,275,165	317,570,713	0	350,054,385
Retirement/cancellations/disposal/adjustments	0	0	(14,927,476)	(197,311,766)	0	(212,239,242)
Balance, December 31, 2021	0	13,953,592	914,093,184	2,598,590,987	0	3,526,637,763
Accumulated impairment loss						
January 1, 2021	0	1,137,050	108,934,119	0	0	110,071,169
Impairment loss/(recovery)	0	(791,206)	(19,533,494)	0	0	(20,324,700)
Accumulated impairment loss December 31, 2021	0	345,844	89,400,625	0	0	89,746,469
Carrying amount, December 31, 2021	7,069,778,600	6,414,796	455,315,247	1,148,971,517	60,370,681	8,740,850,841

Among the Property and Equipment, only land is subject to revaluation. Revaluation was performed by an independent appraiser as of December 31, 2021. Any increase in the value of the land as a result of revaluation is recorded under property revaluation reserves while a decrease is recognized as an expense to the extent that it exceeds any amount previously credited to property valuation reserve. The balance of the property revaluation reserves as at December 31, 2022 and 2021 is ₱6.573 Billion and is not subject to any appropriations as at end of the reporting period.

If land were stated on the historical cost basis, its carrying amount as at December 31, 2022 and 2021 is ₱534.062 Million.

Rental income from a portion of five property and equipment under a cancellable lease agreement as at December 31, 2022

and December 31, 2021 which amounted to ₱7.990 Million and ₱7.776 Million, respectively, were included in the Statement of Comprehensive Income. The portion under lease cannot be sold separately and is insignificant, thus, remains as Property and Equipment.

As at December 31, 2022 and 2021, the total carrying amount of fully depreciated property and equipment that are still in use are ₱74.728 Million and ₱96.605 Million, respectively.

Included in the property and equipment account are ten (10) artwork items with original cost of ₱1.370 Million with current fair market value of ₱10.410 Million as at December 31, 2022. SSS artwork items are classified as office artwork and recorded at cost based on SSS Office Order No. 2020-004.

11. INTANGIBLE ASSETS – NET

This account is composed of the following:

	2022	2021
Cost		
Balance, January 1	795,608,277	774,589,060
Additions	158,096,602	21,433,293
Retirement/disposals/cancellation	(5,715,784)	(414,076)
Balance, December 31	947,989,095	795,608,277
Accumulated amortization		
Balance, January 1	625,718,464	585,814,761
Amortization charge for the period	34,203,563	40,317,779
Retirement/disposals/cancellation	(5,715,785)	(414,076)
Balance, December 31	654,206,242	625,718,464
Accumulated impairment loss		
Balance, January 1	49,896,000	49,896,000
Retirement/disposals/cancellation	0	0
Balance, December 31	49,896,000	49,896,000
Net book value, December 31	243,886,853	119,993,813

Intangible assets with definite and indefinite life include both computer software and licenses. The carrying amount of intangible assets with indefinite life as at December 31, 2022 and 2021 is ₱60.699 Million. All intangibles with definite life are amortized either over a period of five years or with 20 per cent annual amortization rate. As at December 31, 2022 and 2021, the total cost amount of fully depreciated/amortized intangible assets that are still in use are ₱602.389 Million and ₱608.105 Million, respectively.

12. RIGHT-OF-USE ASSETS

This account is composed of the following:

	2022	2021
Cost		
Balance, January 1	1,383,881,514	1,274,408,489
Additions	273,362,969	194,445,097
Transfers	0	0
Retirement/cancellations/disposal/adjustments	(175,470,811)	(84,972,072)
Balance, December 31	1,481,773,672	1,383,881,514
Accumulated depreciation		
Balance, January 1	647,349,075	461,871,757

Depreciation Expense	273,221,753	264,612,273
Retirement/cancellations/disposal/adjustments	(144,511,535)	(79,134,955)
Balance, December 31	776,059,293	647,349,075
Carrying amount, December 31	705,714,379	736,532,439

The SSS recognizes the ROU Assets for the right to use the underlying leased asset. ROU assets are depreciated each year on a straight-line basis over the term of the lease (see Note 15).

13. OTHER NON-CURRENT ASSETS

This account is composed of the following:

	2022	2021
Deposits	99,649,492	99,462,696
Other assets	295,860,093	316,437,275
	395,509,585	415,899,971
Allowance for impairment – other assets	(71,234,308)	(71,876,036)
	324,275,277	344,023,935

Deposits account is recognized for the amount of deposits for telephone lines, water connection services, meter deposits, and office rental deposits.

Other assets account consists of fire insurance premium (FIP), mortgage redemption insurance (MRI) advanced by SSS for properties mortgaged to the SSS, advances for foreclosure proceedings and property taxes. The decrease in the allowance for impairment is due to full payment of housing loan accounts.

14. FINANCIAL LIABILITIES

This account is composed of the following:

	2022	2021
Accounts payable	1,158,861,922	1,307,017,190
Accrued operating expenses	2,043,011,860	2,479,334,937
Accrued benefit payable	425,603,474	450,844,145
Claims pay-out payable	2,918,577	3,209,196
Interest Payable	72,505,992	0
	3,702,901,825	4,240,405,468

Accounts payable and *Accrued operating expenses* comprise of SSS' obligations payable to members, suppliers, employees and officials and loan overpayments for refund to member-borrowers.

Accrued benefit payable represents the SSS obligation to members for retirement pension benefit claims which is recognized using accrual basis of accounting. This includes the accrual of benefit expenses for sickness, maternity, unemployment, retirement, disability, death and funeral benefits based on SSC Resolution No. 161-s. 2021 dated April 8, 2021.

Claims pay-out payable pertains to unpaid insurance claims of policyholders composed of Premium Liability, Fire/earthquake claims incurred but not yet paid and incurred but not yet reported.

Interest payable pertains to SSS' obligation to Waterfront Philippines, Inc. (WPI), representing the amount of interest expense that has accrued to date but has not been paid as of the date of financial statements.

15. LEASE PAYABLE

This account represents the lease liability for the right to use the underlying lease asset up to the end of the lease contract in accordance with PFRS 16, details follow:

	2022	2021
Beginning Balance, January 1	824,551,579	883,933,700
Setup/Additions	273,362,969	194,445,097
Lease payments	(265,188,962)	(242,863,342)

Retirement/Cancellation/Adjustments	(37,868,492)	(10,963,876)
Ending balance, December 31	794,857,094	824,551,579
Current lease liabilities	279,942,316	232,114,952
Non-current lease liabilities	514,914,778	592,436,627

The associated right-of-use assets are measured at the amount equal to the lease liability at initial set-up, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

ROU Assets	2022	2021
Beginning balance, 1 January	736,532,439	812,536,732
Set-up/Additions	273,362,969	194,445,097
Retirement/Cancellation/Adjustments	(27,705,849)	(5,837,117)
Depreciation	(276,475,180)	(264,612,273)
Net carrying amount, December 31	705,714,379	736,532,439

SSS as a lessee maintains 157 lease contracts with variable terms ranging from more than one year to 10 years that are recognized as assets and liability, while four contracts with terms of less than one year are recognized as an operating expense.

16. INTER-AGENCY PAYABLES

This account is composed of the following:

ROU Assets	2022	2021
Due to BIR	425,208,841	83,442,363
Due to GSIS	306,950,797	98,370,770
Due to PhilHealth	45,152,527	8,949,775
Due to Pag-IBIG	9,249,106	9,139,913
Due to SSS	2,185	3,861,510
Due to LGU	0	69
	786,563,456	203,764,400

This account includes withholding taxes, contributions to GSIS, Philippine Health Insurance Corporation (PHIC), HDMF and loan amortization due to SSS which were deducted from the payroll of SSS employees. The increase was due to the implementation of the Compensation and Position Classification System (CPCS).

Due to BIR includes among others, Value-added Tax (VAT) payable, other taxes withheld for remittance and over remittance in CY 2022 that were included/deducted in January 2023 remittance. The VAT exemption of SSS was repealed by Section 86 of RA No. 10963, also known as the Tax Reform for Acceleration and Inclusion (TRAIN) effective January 1, 2018.

17. TRUST LIABILITIES

This account is composed of the following:

	2022	2021 (Restated)	
		December 31	January 01
Trust liabilities	590,242,620	596,949,682	712,530,850
Guaranty/security deposits payable	220,176,900	243,238,506	242,842,670
Customers' deposits payable	287,140,087	248,885,124	246,293,690
Payable to Flexi Fund	1,317,871,835	1,271,312,289	1,178,918,426
Payable to Peso Fund	186,830,890	166,315,282	142,777,328
Payable to WISP Fund	36,734,224,752	15,819,714,786	0
Payable to WISP Plus Fund	1,335,258	0	0
	39,337,822,342	18,346,415,669	2,523,362,964

Trust liabilities consist of the following:

	2022	2021
Funds held in trust		
Officials and employees	510,391,324	538,050,990
Borrowers and other payors	13,395,433	39,373,849
Suppliers and creditors	4,906,174	2,550,433
SSS provident fund and medical insurance	46,506,964	3,877,332
Flexi-fund	14,392,958	11,793,332
Dividends – stock investment loan program	649,767	649,767
Small business wage subsidy (SBWS) related	0	566,897
Educational loan fund – DECS	0	87,082
	590,242,620	596,949,682

Funds held in trust (FHT) from officials and employees include amounts deducted from employees' payroll other than mandatory deductions such as provident fund contributions, loan amortization repayments, association dues, etc. and are remitted the following month to private entities. It also includes among others the amounts deducted from their separation/retirement claims for the benefits received but subsequently disallowed in audit which as at December 31, 2022 and 2021, amounted to ₱448.076 Million and ₱507.830 Million, respectively. This is done to ensure collection once the pending appeal in court or with the Commission on Audit (COA) will result in an unfavorable decision and the disallowances become final and executory. However, in the event that the Supreme Court decision should be in favor of SSS and its employees, the amount withheld from these retired employees will be returned in full. The total amount of ₱27.135 Million have been returned to retired/separated employees from NCR branches in view of the final decision of the Supreme Court En Banc under G.R. No. 243278 promulgated on November 03, 2020 and received by SSS on May 07, 2021 for the Notice of Disallowance (ND) No. 2012-07 dated June 13, 2012.

FHT from borrowers and other payors are payments received for rental deposits from tenants, and surety bonds from collecting agents and are refunded after expiration of the contract.

FHT from suppliers and creditors are payments of liquidated damages from suppliers and contractors with protest and sale

of bid deposits to bidders. Amounts are utilized or refunded to suppliers if the protest is reconsidered and approved. Collections on sale of bid documents are utilized for payment of expenses of the Bid and Awards Committee (BAC) such as the payment of honoraria to BAC members. Unutilized amounts are recorded as miscellaneous income.

SSS provident fund and medical insurance represents the SSS' share in the premium contribution and medical insurance of employees and officials and foreign representatives, respectively.

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

Customers' deposits payable are rental deposits of tenants leasing the SSS properties.

Trust liabilities include the contributions and earnings of *Flexi Fund*, *PESO Fund*, *WISP* and *WISP Plus Fund* members. Guaranteed earnings are computed based on SSS' short term peso placement rate or 91-day Treasury Bill rate, whichever is higher for Flexi Fund, and for PESO Fund, based on the 5-year Treasury Bond rate and 364-day Treasury Bill rate.

18. DEFERRED CREDITS/UNEARNED INCOME

This account is composed of the following:

	2022	2021
Current		
Deferred credits – Output tax	793,421	799,975
Unearned rental income	70,204,938	87,987,704
	70,998,359	88,787,679
Non-current		
Unearned income – Unrealized gain-bond	275,360,171	302,210,840
	346,358,530	390,998,519

The output tax is the VAT of SSS for its properties under lease while unearned rental income represents advance rental payments from tenants of SSS properties.

The non-current unearned income represents unrealized gain 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.

19. PROVISIONS

This account is composed of the following:

	2022	2021
Pension benefits payable	268,988,135	759,077,316
Leave benefits payable	882,939,516	1,123,994,445
Retirement gratuity payable	28,691,057	28,691,057
Other provisions	202,508,452	222,240,169
	1,383,127,160	2,134,002,987

Pension benefits payable represents accrual of compulsory retirement benefit pension already entitled but not yet filed or incurred benefits but not yet reported (IBNR) based on the policy guidelines set forth in *Note 2.13*.

Leave benefits payable represents 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 at December 31, 2022, there were 2,683 employees who availed themselves of the monetization of leave credits with a total amount of ₱159.732 Million.

Retirement gratuity payable is 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 paid by 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 P5,000 for every year of service upon retirement. As at December 31, 2022, 172 employees were given RIA in the total amount of ₱28.436 Million.

The provision of the SSS' defined benefit obligation is prepared in accordance with the Philippine Accounting Standards (PAS) 19. The defined benefit obligations represent the SSS' liabilities for the post-employment benefits of its employees. It is calculated using the Projected Unit Credit Method (PUCM), the valuation method prescribed under PAS 19. Using this method, the present value of SSS' defined benefit obligations (PV DBO) and related current service costs were calculated with the assumption that each period of service gives rise to an additional unit of benefit entitlement and measures each unit separately in building up the final obligation. For the CY 2022, there were no recorded provision for retirement gratuity.

Aside from financial assumptions, demographic assumptions were also used in the calculations. These include the assumptions on mortality, disability, and turnover/separation of the employees. The mortality assumptions refer to the probability of death of an employee while the disability assumptions refer to the probability of an employee being disabled. The employee turnover assumptions take into account the probability of an employee leaving employment due to causes other than death (e.g., resignation, retirement, etc.).

20. INSURANCE CONTRACT LIABILITY

	2022	2021
Social Security Fund (SSF)	8,066,715,313,607	7,591,297,256,633
Employee's Compensation (EC) Fund	40,975,309,572	38,283,091,820
	8,107,690,623,179	7,629,580,348,453

Insurance contract liability (ICL) is a social benefit liability (SBL) recognized in compliance with DOF's policy directive requiring government insurance institutions (GIs) falling under its supervision to adopt PFRS 4, the adoption of which was approved by the SSC under Resolution No. 123-s. 2021 dated March 10, 2021. It is computed based on six per cent discount rate considering SSS' past investment performance, which considered the following: (a) past performance of SSS' investment assets; (b) collectability of its loan receivables; and (c) forward-looking view of the portfolio performance or outlook on SSS' investments and market conditions.

ICL is the sum of the present value of future benefits and expenses, less the present value of future contributions discounted at the appropriate risk-free discount rate. Actuarial valuation methodology and assumptions are discussed in *Note 22*.

21. OTHER PAYABLES

This account is composed of collections not yet distributed as follows:

	2022	2021
Current		
Member loan collections	465,368,378	615,584,146
Sales Contract Receivables collections	70,604,192	94,359,462

OFW collections	16,519,409	45,764,809
Undistributed collections	594,553	1,373,898
Real estate loan collections	671,094	143,308
Rental collections	408,158	135,194
EALP collections	41,157	0
	554,206,941	757,360,817
Non-current		
Other payables	1,050,000,000	50,000,000
	1,604,206,941	807,360,817

On *Member loan collections*, the balance of unposted collections for CY 2022 amounting to ₱465.368 Million was lower than CY 2021 unposted collections by ₱150.216 Million or 24.40 per cent because the SSS has undertaken various efforts to address the posting issues and expedited the reconciliation process through (1) enhancing computer programs and systems, (2) continuous sending and monitoring of No Collection List and Unbalance Transactions to branches, (3) regular clean-up of unpostables and reconciliation and (4) improved frequency of generating the Actual Distribution of payments in the electronic Loan Management System (e-LMS) on a semi-monthly basis.

Sales Contract Receivables collections are collections for the sale of acquired assets that have not yet been posted to individual buyers' account pending receipt of documents of approved sale. These consist of down payments and monthly amortizations.

OFW collections are remittances from OFWs which are unidentified as of the date of remittance and are reclassified after validation. The decrease in OFW collections amounting to 29.245 Million of foreign deposits already validated and identified were reclassified to proper accounts.

The Undistributed collections are various collections not yet been posted to subsidiary ledgers of members/ borrowers'

and to proper accounts' pending receipt of collecting agencies'/employers' documents and actual distribution of collections and payments whose nature is not indicated by payors.

Since November 2020, SSS has been sending loan billing notices to member-borrowers and employers. This loan billing statement or notice contains a corresponding PRN as part of the Real-Time Processing of Loans (RTPL) program. Individual members and employers must present the PRN when paying at SSS branches with Automated Telling System or any RTPL-compliant partner. The PRN helps facilitate the immediate and correct posting of loan payments matched to their loan accounts.

The non-current portion of *Other Payables* includes the ₱50 Million seed money to fund the initial investment activities of the PESO fund. The SSC in its Resolution No. 140-s. 2021 dated March 24, 2021, approved the extension of the use of the money until the liquidation of the SSS PESO Fund upon the implementation of the new Voluntary Provident Fund Program but pending the approval of the transition guidelines. Further, pursuant to SSC Resolution Nos. 209-s. 2022 and 513-s. 2022, the seed capital of ₱100 Million and ₱900 Million, respectively, was approved to fund the initial investment activities of the New Voluntary Provident Fund (NVPF) Program.

22. EQUITY

The SSS' Equity consists of the following:

		2021 (Restated)	
	2022	December 31	January 01
Reserve fund	(7,362,775,569,903)	(6,951,530,692,584)	(6,106,319,978,085)
Cumulative changes in fair value	(26,055,867,446)	(9,167,674,519)	(23,809,882,311)
Revaluation surplus	6,572,652,754	6,572,652,754	4,046,242,799
	(7,382,258,784,595)	(6,954,125,714,349)	(6,126,083,617,597)

22.1 Reserve fund

The reserve fund consists of the following:

	2022	2021 restated
Reserve fund/Retained earnings	744,919,147,388	678,054,226,254
Reserved fund - policy reserves	(8,107,694,717,291)	(7,629,584,918,838)
	(7,362,775,569,903)	(6,951,530,692,584)

Details of policy reserves are as follows:

	2022	2021 restated
SS Fund	(8,066,715,313,607)	(7,591,297,256,633)
EC Fund	(40,975,309,572)	(38,283,091,820)
MIA Fund	(4,094,112)	(4,570,385)
	(8,107,694,717,291)	(7,629,584,918,838)

The financial statements have been prepared on a going concern basis, which assumes that the SSS will be able to meet the mandatory payment of members' benefits and operational expenses.

The SSS has recognized a net profit of ₱52.598 Billion for the year ended December 31, 2022, before the recognition of net change in policy reserves of ₱478.110 Billion, due to adoption of PFRS 4, and as at that date, total assets amounted to ₱773.388 Billion. However, as described in *Note 20*, there is a significant increase in liability as the SSS recognized the social benefit liability to its members.

Management believes that the payment of benefits will remain as usual and is confident that it will operate until 2054 as projected by Actuarial experts. The implementation of the new contribution rates and the increase in the Monthly Salary Credit to ₱25,000 effective January 01, 2021 helped

sustain its operations and that will be sufficient to meet operational requirements. Furthermore, under RA No. 11199, otherwise known as the Social Security Act of 2018, Section 21, the Philippine Government guarantees that all the benefits prescribed in the RA shall not be diminished and it accepts general responsibility for the solvency of the System.

Management acknowledges that uncertainty remains over the ability of SSS to meet its funding requirements to pay its members' benefits and operational expenses. However, as described above, Management has a reasonable expectation that the SSS has adequate resources to continue in operational existence for the foreseeable future.

As administrator of the SIF, SSS remits to ECC and its Center 70 per cent of the annual COB of ECC approved by the DBM, details below:

	As at December 31, 2022	As at December 31, 2021
ECC	224,182,488	176,068,900
Center-OSHC	124,382,738	156,598,872
	348,565,226	332,667,772

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 that is not needed to meet the current benefit obligations is known as the IRF which the SSC manages and invests with the skill, care, prudence and diligence necessary to earn an annual income not less than the average rate of treasury bills or any other acceptable market yield indicator in any or in all of the undertaking, under such rules and regulations as may be prescribed by the SSC.

No portion of the IRF or income thereof shall accrue to the general fund of the NG or to any of its agencies or instrumentalities, including government-owned or controlled corporations, except as may be allowed under the SS Act of 2018. 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: 60 per cent in private securities, 5 per cent in housing, 30 per cent in real estate related investments, 25 per cent in short and medium-term member loans, 30 per cent in government financial institutions and corporations, 15 per cent in any particular industry and 7.5 per cent in foreign-currency denominated investments, 5 per cent in private-sponsored infrastructure projects without guarantee, 5 per cent in private and government-sponsored infrastructure projects with guarantee, 5 per cent in private and government-sponsored infrastructure projects.

As at December 31, 2022, all investment categories are within the SSS charter limits of RA No. 11199.

Actuarial Valuation of the Reserve Fund of the SSS

The SS Act of 2018 requires the SSS Actuary to submit a valuation report every three 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, ageing 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 liability and life of the fund are projected.

The latest 2019 Actuarial Valuation of the Social Security Fund (SSF) adheres to the International Standard of Actuarial Practice 2 – Financial Analysis of Social Security Programs as issued by the International Actuarial Association (IAA). This standard has been supported within the International Social Security Association (ISSA) and the International Labour Organization (ILO). It provides actuaries performing the valuation of social security programs the guidance to give intended users confidence that actuarial services are carried out professionally and with due care; the results are relevant to their needs and are presented clearly and understandably; and the assumptions and methodology used are disclosed appropriately. It also promotes the development of consistent actuarial practice for social security programs throughout the world.

The Actuarial Valuation estimates the SSF life and liabilities using an open group projection method, where members who will join the System in the future are considered in the projection of revenues and expenditures. The SSS program, as with other social security schemes, was designed such that the contributions of the current paying members fund the benefits of the current pensioners; hence, there is income transfer across generations. With the continuous membership of future generations into the System, the benefits of the current and future pensioners are continuously funded by the contributions of the former; hence, the open-group projection method is appropriate in assessing the sustainability of the SSS program.

SSS has transitioned to PFRS 4 on the reporting of its financial condition, starting with the 2020 Financial Statements. Valuation standards set by the Insurance Commission are to be applied, where the life insurance policy reserve shall be valued, where appropriate, using gross premium valuation. Unlike the open group projection method used in the Actuarial Valuations, the gross premium valuation applies a closed group projection method, which only considers the existing members up to end of reporting date while continuing their contribution up to a certain date. The liability computed with this approach is highly theoretical, as it is only truly meaningful for a program that is

intended to be fully funded. Nevertheless, it provides an insight as to the magnitude of the liability of a program that is designed to be partially funded, such as the SSS program.

In the gross premium valuation used under the closed group projection method, the Social Benefit Liability (SBL) is computed as the sum of the present value of future benefits and expenses, less the present value of future contributions discounted at the appropriate risk-free discount rate. In contrast, under the open group projection method, assets are deducted from the ICL to estimate the unfunded liability.

The Valuation using the closed group projection method was conducted for the reporting date of December 31, 2020, December 31, 2021, and December 31, 2022. The cut-off date for actual membership and demographic data is December 31, 2018. These existing members together with new entrants up to the end of reporting date, who continue their contribution up to a certain date, were considered in the projections.

As shown in the following table, the computed social benefit liabilities at a discount rate of 6 per cent are computed at P6.734 trillion as of December 31, 2020, ₱7.591 Trillion as of December 31, 2021, and ₱8.067 Trillion as at December 31, 2022.

Social Security Fund
Summary of Social Benefit Liability
(Amount in Trillion Pesos)

	As at December 31, 2020	As at December 31, 2021	As at December 31, 2022
Social Benefit Liability at 6% discount rate	6.734	7.591	8.067

Meanwhile, the comparison of the liabilities computed under the open and closed group projection methods is presented in the following table.

2019 Actuarial Valuation
Social Security Fund
Comparison of Key Projection Results
Open Group versus Closed Group
(Amount in Trillion Pesos)

Key Projection Results	Open Group (A)	Closed Group (B)
Year of Reserve Exhaustion	2054	
Year Net Revenue Becomes Negative	2045	
Liability Computation		
(Discount rate = 6 per cent)	(As at Dec. 31, 2022)	(As at Dec. 31, 2022)
Social Benefit Liability	7.324	8.067
Reserves	0.704	
Unfunded Liability	6.620	

Globally, the valuation of a social security scheme is more commonly conducted using the open-group method and has financial indicators as outputs which provide information on the future evolution of costs and on the capacity of the scheme to support them in the long term. One such financial indicator is the year of reserve exhaustion, also known as Fund Life, which presents the number of years the scheme may continue to operate without any changes being made to the legislated contribution rate¹. For the SSF, this year is projected to be in 2054.

The SBL as at December 31, 2022 is at ₱8.067 Trillion, computed using the closed group method. Meanwhile, using the open group method, the liability is at ₱7.324 Trillion. As expected of a partially funded program, the liability under the closed group method is larger than that from the open group method.

Instead of a seriatim approach, these projections apply a portfolio approach, which works to the advantage of SSS considering the magnitude of its membership data. Lapse assumptions are implicitly considered as well, in the form of density assumptions, probability of contribution payment in a given year, and movement among contributing and non-contributing groups. Margin for Adverse Deviation (MfAD) was applied, as the conservative scenario of the Valuation was used as basis in the liability computations. Meanwhile, these projections already incorporated the scheduled contribution increases up to 15 per cent in 2025 as mandated by RA No. 11199 (Social Security Law of 2018). Note that the projections do not reflect yet the potential impact of the COVID-19 pandemic on the SSS social security program.

The magnitude of the liabilities was caused in part by a structural imbalance, brought about by the mismatch of the increases in pension, monthly salary credit (MSC) ceiling and contribution rate. During the period from 1980 to 2016, pensions were increased through across-the-board pension increases of up to 20 per cent (22 times) and increases in minimum pension amount through RA No. 8282; MSC ceiling was also increased 12 times. The contribution rate, on the other hand, only increased 4 times during the same period, from 8 per cent to 8.4 per cent in 1980, 8.4 per cent to 9.4 per cent in 2003, then to 10.4 per cent in 2007, and finally to 11 percent in 2014.

The effect of demographic change on the fund should also be recognized, as there may not be enough contributors remitting to pay all the expenses and benefits of the growing number of pensioners due to declining population growth rate and lengthening life spans.

To address these and other issues on the viability of the reserve fund, actuarial valuations and other studies are conducted regularly, the results of which serve as basis of recommendations for policy reforms. The recommendations mentioned in the valuations include raising the contribution rate, improving the contribution collection, increasing the minimum and maximum

MSC, revisiting the pension formula, reviewing the qualifications for eligibility for long-term benefits, raising the retirement age, and exploring other means to improve the adequacy of benefits. Further, reform packages and other measures shall be formulated, which simultaneously address the interest of the stakeholders of SSS: benefit adequacy for current pensioners, and financial sustainability for future pensioners, who are now active contributors of the SSS.

Actuarial Valuation of the Reserve Fund of Employees' Compensation (EC)

SSS manages the Employees' Compensation Program (ECP), which provides social protection against work-related sickness, injury or death, for private sector workers and household helpers who are compulsory members of SSS. Starting 2019, self-employed members were added to the coverage of the program. With the ECP providing coverage to the same members covered under the SS Law, the Actuarial Valuation of the Social Security (SS) Fund then serves as basis for the conduct of the EC Actuarial Valuation. The data, actuarial bases and assumptions, as well as methodology used in the EC Actuarial Valuation are similar to that used in the SS Actuarial Valuation.

The 2019 EC Actuarial Valuation is the latest conducted valuation, which was used as basis for the computation of liabilities. This 2019 EC Actuarial Valuation was based on the 2019 SS Actuarial Valuation.

Similar to the SS Actuarial Valuation, the EC Actuarial Valuation applies the **open group projection method**, where members who will join the System in the future are considered in the projection of revenues and expenditures.

In the transition of the reporting of the financial condition to PFRS 4, the liability for the EC Fund is computed using the same methodology that was applied to that of the SS Fund. In particular, the closed group projection approach of gross premium valuation was applied, where the members that were considered are only those existing members up to the end of reporting date while continuing their contribution up to a certain date. The reporting dates considered were December 31, 2020, December 31, 2021, and December 31, 2022.

The 2018 data on SSS employed members and household helpers was used for the EC Valuation. To apply the closed group methodology in this EC Valuation, new entrants who enter up to year 2020, 2021 or 2022 were included, as applicable to the reporting date. Starting 2019, self-employed members were included in the projections.

The following table presents the computed liability of ₱23.131 Billion as of December 31, 2020, ₱38.283 Billion as of December 31, 2021, and ₱40.975 Billion as at December 31, 2022, at a discount rate of 6 percent.

Employees' Compensation Fund Summary of Social Benefit Liability (Amount in Billion Pesos)

	As at December 31, 2020	As at December 31, 2021	As at December 31, 2022
Insurance Contract Liability			
at 6% discount rate	23.131	38.283	40.975

¹Pierre Plamondon, et al., *Actuarial Practice in Social Security* (Geneva: International Labor Organization, 2002).

The comparison of the liabilities computed under the open and closed group projection methods is presented in the following table.

2019 EC Actuarial Valuation
Comparison of Key Projection Results
Open Group versus Closed Group
(Amount in Billion Pesos)

Key Projection Results	Open Group (A)	Closed Group (B)
Year of Reserve Exhaustion	Beyond 2080	
Year Net Revenue Becomes Negative	Beyond 2080	
Liability Computation		
(Discount rate = 6 per cent)	(As at Dec. 31, 2022)	(As at Dec. 31, 2022)
Social Benefit Liability	12.772	40.975
Reserves	28.115	
Unfunded Liability	(15.343)	

For the EC Fund, the year of reserve exhaustion is projected to be beyond 2080.

The SBL as at December 31, 2022 is at ₱40.975 Billion, computed using the closed group method. Meanwhile, using the open group method, the liability is at ₱12.772 Billion. As expected of a partially funded program, the liability under the closed group method is larger than that from the open group method.

Instead of a seriatim approach, these projections apply a portfolio approach, which works to the advantage of SSS considering the magnitude of EC membership data. Lapse assumptions are implicitly considered as well, in the form of density assumptions, probability of contribution payment in a given year, and movement among contributing and non-contributing groups. Margin for Adverse Deviation (MfAD) was applied, as the conservative scenario of the Valuation was used as basis in the liability computations. Meanwhile, these projections already incorporated the impact of SS Act of 2018, coverage of the self-employed, EO No. 33 and EO No. 54 and the increase in the minimum sickness benefit alongside the increases in the minimum MSC as mandated by RA No. 11199.

Actuarial Valuation of Fire and Earthquake Insurance (FEI)

The data used in the calculation of the liabilities were updated as at December 31, 2022, for Premium Liabilities, it consists of policies with premium payments in 2022 while Claim Liabilities consists of policies with claims as at December 31, 2022. Such data were presented in the form of triangles to provide good visualization of the claims/losses in terms of years of occurrence and payment of the losses.

The premium liability is calculated as the higher between the Unearned Premium Reserve (UPR) and Unexpired Risk Reserve (URR).

UPR refers to the amount of reserve for that portion of the premium received which is attributable to a period of risk falling beyond the valuation date and is computed using the 24th method.

URR refers to all future claim payments arising from future events after the valuation date that are insured under unexpired policies. It was estimated as the unearned premium multiplied by the ultimate loss ratio, adjusted for future expenses and MfAD.

MfAD allows inherent uncertainty of the best estimate of the policy reserves. The purpose of the MfAD is to consider the viability of claims within a class of business, the diversification between classes of business, and conservatism in the best estimate.

Claims liability refers to all outstanding claims incurred prior to the valuation date, whether they have been reported to SSS or not. The total claim liability is calculated as the sum of Outstanding Claims Reserve, Claims Handling Expense, Incurred but Not Reported (IBNR) Reserve, and MfAD.

Outstanding claims reserve refers to the estimated amount of claims reported but remain unpaid as of valuation date and calculated for accident years 2009-2022 as at December 31, 2022.

Claims handling expense refers to the estimated amount of expenses for settling all claims, whether reported or unreported, outstanding as of valuation date and no claims' handling expense is assumed.

IBNR refers to the provision of claims that have occurred but have not been reported to the company as of the valuation date.

MfAD is calculated at the 75th percentile level of sufficiency using BootChainladder package in R1- a language and environment for statistical computing and graphics with MfAD ratio of 31.85 per cent.

The UPR was computed at ₱2.830 Million, while the URR was computed at ₱1.270 Million. Hence, the Premium Liability is equal to the higher between the two, which is ₱2.830 Million.

Table 1.
Premium Liabilities as at December 31, 2022

	Amount
(1) Unearned Premium Reserve (UPR)	2,830,122.18
(2) Deferred Acquisition Cost (DAC)	0

(3) UPR net of DAC (1) - (2)	2,830,122.18
(4) Unexpired Risk Reserve (URR), (4.2) +(4.3) +(4.4) +(4.5)	1,270,494.70
4.1 Ultimate Loss Ratio	41.25%
4.2 Best Estimate of Future Obligation	1,167,425.40
4.3 Maintenance Expense	0
4.4 Claims Handling Expense	0
4.5 MfAD (amount)	103,069.30
Premium Liability, max [(1), (4)]	2,830,122.18

There were no unpaid claims as of 31 December 2022, hence the Outstanding Claims Reserve is 0. The IBNR reserve was computed at ₱67,087.17 and the MfAD ratio was computed at 31.85 per cent. These contribute to the total Claim Liability, which is equal to ₱88,454.43.

Table 2.
Claim Liabilities as at December 31, 2022

	Amount
(1) Outstanding Claims Reserve, (1.1) + (1.2) + (1.3)	0
1.1 Direct Business	0
1.2 Assumed – Treaty	0
1.3 Assumed – Facultative	0
(2) Claims Handling Expense	0
(3) IBNR	67,087.17
(4) MfAD (Percentage)	31.85%
Claims Liability, [(1) + (2) + (3)] x [(1) + (4)]	88,454.43

The premium liability as at December 31, 2022 was lower by ₱291,937.66 compared to the amount recorded last year. On the other hand, claims liability as at December 31, 2022 was higher by ₱1,318.72 versus the previous year's figure.

Table 3.
Premium and Claim Liabilities (2021 vs. 2022)

	2021	2022	Increase/ (Decrease)
Premium Liability	3,122,059.84	2,830,122.18	(291,937.66)
Claims Liability	87,135.71	88,454.43	1,318.72
	3,209,195.55	2,918,576.61	(290,618.94)

Actuarial Valuation of Mortgage Redemption Insurance (MRI) Liabilities

The data used in the calculation of liabilities consist of active policies as at December 31, 2022, and it includes information such as age and sex of the borrower-insured, first premium due date, coverage amount, and annual premium.

Valuation date refers to the date as of which the present value of future premiums and benefits are calculated, and the valuation date is set at December 31, 2022.

Discount rate is used to calculate the present value of future cash flows. The assumed discount rate is 6 per cent, similar to the rate used in calculating SSS Social Benefit Liabilities. The same discount rate was used in the past liability calculations.

Mortality assumptions refers to the assumed probabilities of death for the insured borrowers. The mortality assumptions used in the calculations are the same as the baseline assumptions used in the 2019 Actuarial Valuation. In the liability calculations for the year 2019-2021, disability rates were also used. These were not included in this year's calculation since death is the only contingency covered by the policies.

No expense and lapse assumptions were considered in the calculations. On the timing of future cash flows, premium was assumed to be paid at the beginning of each year while death

benefits were assumed to be paid at the end of death year. The projected death benefits on the expiration year were pro-rated to account for the proportion of the full year covered under the MRI.

A significant amount of liabilities of a life insurance company comes from policy reserves. Policy reserves represent the liabilities that an insurance company is obligated to pay its policyholders in the future. Hence, SSS has to recognize such liabilities in its financial statements for the MRI policies it issues to its housing loan borrowers.

Due to the reinsurance agreement of SSS with the Association of Mortgage Redemption Insurers (AMRI), which has 16 participating insurers, the benefits and premiums for the policies are equally divided among SSS and the 16 private insurers. The future premiums and benefits considered in the calculations are multiplied by a factor of 1/17 to consider SSS share.

MfAD allows for inherent uncertainty of the best estimate of the policy reserves. The purpose of the MfAD is to consider the variability of claims experience within a class of business, the diversification between classes of business, and conservatism in the best estimate. To incorporate MfAD in the calculations, the conservative mortality assumptions used in the 2019 SS Actuarial Valuation is applied.

The calculated liabilities for the MRI as at December 31, 2022 are as follows:

Table 1
MRI Liabilities as at December 31, 2022

	Amount
Present Value of Future Benefits (a)	2,502,520.61
Present Value of Future Premiums (b)	1,530,816.38
MRI Liabilities (a) - (b)	971,704.23

The calculated liabilities with MfAD are shown in Table 2 below:

Table 2
MRI Liabilities with MfAD as at December 31, 2022

	Amount
Present Value of Future Benefits (a)	2,700,733.87
Present Value of Future Premiums (b)	1,525,198.60
MRI Liabilities (a) - (b)	1,175,535.27

The resulting liability with MfAD is higher than the liability without MfAD. These figures provide a buffer in the event that the mortality experience in the future deviates from the assumed mortality rates.

The present value of future benefits and premiums were both lower in 2022 compared to the previous year. In addition, the total MRI liabilities as of 2022 was lower by P185,652.86 compared to last year's figure, which can be attributed to the dropping of disability rates from the assumptions.

Table 2
MRI Liabilities with MfAD as at December 31, 2022

	2020	2021	Inc/(Dec)	2022	Inc/(Dec)
PV of Future Benefits (a)	3,897,326.91	3,344,726.49	(552,600.42)	2,700,733.87	(643,992.62)
PV Future Premiums (b)	2,478,713.72	1,983,538.36	(495,175.36)	1,525,198.60	(458,339.76)
MIR Liabilities (a) - (b)	1,418,613.19	1,361,188.14	(57,425.06)	1,175,535.27	(185,652.86)

**In the liability calculations for years 2020-2021, disability rates were included in the assumptions. These were not included in this year's calculations since death is the only contingency covered by the policies.*

22.2 Cumulative changes in fair value of FVTOCI

	2022	2021
Balance, January 1	(9,167,674,519)	(23,809,882,311)
Unrealized gain/(loss) arising from revaluation of financial assets at FVTOCI	(16,888,192,927)	14,642,207,792
Balance, December 31	(26,055,867,446)	(9,167,674,519)

The cumulative changes in fair value represents the investments revaluation reserves arising from the revaluation of financial assets that have been recognized in other comprehensive income.

22.3 Revaluation surplus

A revaluation surplus is the result of revaluation of assets under Property and equipment. The balance represents the excess of revaluation/appraisal value over the book value of the revalued asset. The revaluation surplus as at December 31, 2022 and 2021 amounted to ₱6.573 Billion.

23. SERVICE AND BUSINESS INCOME

This account is composed of the following:

	2022	2021
Members' contributions	260,629,591,737	225,648,375,466
Interest income	27,284,559,510	21,164,523,170
Dividend income	4,821,472,862	3,730,308,666
Fines and penalties – business income	3,286,276,557	3,177,763,026
Rent/lease income – investment properties	1,216,727,488	1,183,610,613
Income from acquired/foreclosed assets	19,629,546	14,383,180
Management fees	12,855,556	11,647,182
Other business income	486,260,781	383,474,727
	297,757,374,037	255,314,086,030

The service and business income for CY 2022 amounting to ₱297.757 Billion was higher than CY 2021 revenue by ₱42.443 Billion or 16.62 per cent mainly due to the contribution rates increase.

Starting January 1, 2021, the contribution rate increased by one per cent, from the current 12 per cent to 13 per cent. For employed members, including OFW members in countries with Bilateral Labor Agreements with the Philippines, and sea-based OFW members, the additional one per cent is divided equally between them and their employers.

Likewise, the minimum MSC was adjusted to ₱3,000 from ₱2,000, except for Kasambahay and OFW members whose minimum MSC will remain at ₱1,000 and ₱8,000, respectively, while the maximum MSC was raised to ₱25,000 from ₱20,000. The MSC to be considered for the computation of benefits under the regular social security program is capped at ₱20,000.

The SSS, as part of its corporate social responsibility, provided the Pandemic Relief and Restructuring Programs for the benefit of SSS members and employers affected by the COVID-19 pandemic.

- SSC Resolution No. 444-s. 2021 dated September 01, 2021 and pursuant to Section(4)(a)(1) in relation to Section 22(a) of the Social Security Act of 2018 approved the Pandemic Relief and Restructuring Program 1 - Nationwide implementation of the extension of deadline of Contributions for applicable month of July from August 31, 2021 to September 30, 2021.
- SSC Resolution 524-s.2021 dated October 13, 2021 and 557-s.2021 dated November 03, 2021, approved the Pandemic Relief and Restructuring Program 2 – Condonation of penalties on Social Security Contributions. Availment period is from November 2021 to April 2022.
- SSC Resolution No. 466-s. 2021 dated September 15, 2021, approved the ECC and SSS Joint Circular on the Pandemic Relief and Restructuring Program 3 – Enhanced installment payment program. Availment period is from November 2021 to October 2022.

Interest income is derived from the following SSS investments and other sources:

	2022	2021
Bonds investments		
FA at FVTPL	1,306,653,819	1,164,239,309
FA at FVTOCI	2,287,204,085	2,471,764,720
FA at amortized cost	14,060,551,349	11,543,473,341
	17,654,409,253	15,179,477,370
Loans and receivables	8,816,848,195	5,490,060,149
Current/savings/term deposits	652,735,165	420,257,963
Time deposits/treasury bills	791,440	0
Others	127,100,954	37,617,688
	27,251,885,007	21,127,413,170
PhilGuarantee	32,674,503	37,110,000
	27,284,559,510	21,164,523,170

Other interest income consists of the following:

	2022	2021
Installment Payment of Contribution	26,943,166	37,394,777
Non-current Advances FIP & MRI	6,948,817	222,911
Non-current Advances Foreclosure	3,955,137	0
National Government	89,253,834	0
	127,100,954	37,617,688

Other business income consists of the following:

	2022	2021
Rental/Penalty Income – Operating Assets	8,950,757	8,088,550
Inspection Fees – REL	766	1,000
Pre-termination Fee – Flexi-fund	1,699	5,209
Income from ID Replacement	46,166,364	9,571,767
Fire insurance premium	3,949,685	4,397,598
Service Fee – Salary Loan	389,213,940	323,487,630
Rebate of management fees	37,977,570	37,922,973
	486,260,781	383,474,727

24. ASSISTANCE AND SUBSIDY

The Educational Assistance Loan Program (EALP) is funded on a 50:50 basis from the NG and SSS. The subsidy for EALP received for CY 2022 amounts to ₱336.132 Million but no subsidy was received in CY 2021.

The NG counterpart of ₱3.5 Billion was released under Special Allotment Release Order No. BMB-F-12-0031251 dated December 14, 2012. The total cash allocations released to SSS from CY 2012 to CY 2022 amounted to ₱3.164 Billion, as follows:

NCA No.	Date	Amount
2012		
BMB-F-12-0023901	December 14, 2012	45,279,995
2013		
BMB-F-13-0017483	September 23, 2013	480,771,648
BMB-F-13-0020336	November 11, 2013	278,800,497
		759,572,145
2014		
BMB-F-14-0005474	May 2, 2014	260,637,040
BMB-F-14-0012071	August 27, 2014	178,052,884
BMB-F-14-0016332	November 10, 2014	332,923,150
		771,613,074
2015		
BMB-F-15-0005560	April 29, 2015	32,207,250
BMB-F-15-0016231	October 26, 2015	374,662,670
		406,869,920
2016		
BMB-C-16-0006531	April 28, 2016	64,198,930
BMB-C-16-0016736	September 15, 2016	54,212,150
		118,411,080
2017		
BMB-C-17-0000790	January 9, 2017	193,867,300

BMB-C-17-0007120	May 17, 2017	72,955,264
BMB-C-17-0015979	October 11, 2017	274,253,486
		541,076,050
2018		
BMB-C-18-0019433	September 17, 2018	185,357,643
2022		
BMB-C-22-0013012	October 17, 2022	336,132,254
		3,164,312,161

25. GAINS

This account consists of the following:

	2022	2021
Gain from changes in fair value of financial instruments	13,124,504,501	10,001,098,877
Gain from changes in fair value of investment properties	8,718,804,321	7,693,934,051
Gain on sale/redemption/transfer of investment	917,681,366	1,127,664,127
Gain on sale of investment properties	33,997,348	19,150,928
Gain on sale/disposal of property and equipment	1,499,536	3,181,451
Gain on foreign exchange (FOREX)	390,368,235	31,796,556
	23,186,855,307	18,876,825,990

Fair value adjustment of financial instruments for CY 2022 at ₱13.125 Billion is higher than the CY 2021 gain by ₱3.123 Billion, mostly due to stock market appreciation of equity securities.

Investment properties are remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses, like last year arising from changes in the fair value of the investment properties, are included in profit or loss for the period in which they arise.

Gain on sale/redemption/transfer of investments includes realized gain on sale of equity securities, government securities and NCAHFS.

26. OTHER NON-OPERATING INCOME

This account consists of the following:

	2022	2021
Reversal of impairment loss	4,366,903,916	1,173,348,799
Miscellaneous income	300,794,163	964,835,995
	4,667,698,079	2,138,184,794

The SSS considers certain financial assets to have recovered from impairment losses amounting to ₱4.367 Billion due to the enhanced loan collection efforts and digitalization initiatives implemented by SSS. *Recoveries/reversal of impairment loss* are from the principal, interest and penalties of the following financial assets:

	2022	2021
Member loans	4,059,443,542	552,365,551
Sales contract receivable	19,065	285,857,998
Loan to NHMFC	74,398,909	141,879,813
Corporate notes and bonds	3,749,526	72,714,748
Housing loans	134,055,197	57,668,594
Property and equipment	0	51,837,287
ROPA acquired assets	3,453,424	3,488,532
Collecting banks/agents	953,867	3,798,110
Advances – FIP and MRI	4,907,093	2,214,452

Rental receivables	85,543,293	1,323,604
Other receivables (pension loan, officials & employees)	380,000	200,110
	4,366,903,916	1,173,348,799

Miscellaneous income includes income from car insurance, director fees, income from SSS Dormitory and others with the following details:

	2022	2021
Director's fee	134,145,589	110,973,108
Income from Car Insurance	2,253	2,503
Income from SSS Dormitory	61,500	7,500
Others	116,584,821	853,852,884
	300,794,163	964,835,995

Others mainly consist of adjustment of previous year's collection of premium contributions amounting to ₱384.065 Million and the reclassification of property and equipment to semi-expendable properties based on COA Circular No. 2022-044 amounting to ₱202.798 Million for CYs 2022 and 2021.

27. BENEFIT PAYMENTS

This account represents payments to members and their beneficiaries in the event of disability, sickness, maternity, old age, death and other contingencies resulting in loss of income or financial burden. Total benefit payments amounted to ₱242.814 Billion and ₱223.982 Billion, with total number of beneficiaries of 39,538,665 and 36,898,812, for CYs 2022 and 2021, respectively, as follows:

	2022	2021
Retirement	141,516,256,803	129,938,540,139
Death	71,315,865,699	63,443,066,863
Maternity	12,858,281,675	13,897,985,503
Disability	6,636,161,439	6,289,747,376
Funeral grant	5,126,721,198	5,294,125,744
Sickness	4,389,597,479	4,042,820,078
Unemployment	961,379,996	1,069,857,440
Medical services	9,609,326	5,843,329
	242,813,873,615	223,981,986,472

Benefit payments of ₱242.814 Billion in CY 2022 are higher than last year's benefit payments by ₱18.832 Billion or 8.41 per cent due to an increase in the number of claims. This is attributed to the implementation of online applications of claims and transactions through the My.SSS that facilitated the timely processing of benefit claims pay-out.

28. PERSONNEL SERVICES

This account is composed of the following:

	2022	2021
Salaries and wages	4,299,023,608	3,493,641,133
Other compensation	1,950,929,294	1,967,953,966
Personnel benefit contributions	1,380,800,822	1,587,516,717
Other personnel benefits	492,874,372	677,922,760
	8,123,628,096	7,727,034,576

Pursuant to Republic Act (R.A) No. 10149 which mandates the Governance Commission of GOCCs (GCG) to develop a Compensation and Position Classification System (CPCS) for GOCCs, and by virtue of the powers vested in the President of the Philippines, Executive Order No. (E.O.) 150, series of 2021, was signed and approved by the President on October 01, 2021. SSS received the Authority to Implement (ATI) from GCG on June 1, 2022, and the new CPCS salary structure was effective in July 2022. Appeal to review and for reconsideration of the approved job grades was sent to GCG and the approval was received on November 10, 2022.

Personnel services accounts include the projected amount of ₱212.413 Million representing the CPCS appeal differentials in basic salaries, mandatory government contributions and year-end pay for the period October 2021 to December 2022 of qualified regular and casual employees in view of the approval of the CPCS appeal which took effect on October 5, 2021 and on the CPCS Implementing Guidelines No. 2021-01 dated January 12, 2022 which came out on January 14, 2022.

The increase in personnel services was mainly due to the implementation of the CPCS effective October 5, 2021, with the following approvals:

- SSC Resolution No. 388-s.2022 approving adoption of the salary structure based on the Authorization to implement the CPCS by virtue of GOCC Letter dated May 31, 2022;
- SSC Resolution No. 518-s.2022 approving the budget reallocation of ₱30 Million for the grant of Representation and Transportation Allowance of 382 employees designated in an acting capacity of officer-in-charge to supervisory position equivalent to Section Heads as of October 5, 2021;
- SSC Resolution No. 745-s.2022 approving the implementation of the results of the appeal of Job Grades as contained in the Letter of the GCG dated November 7, 2022, which involved 145 SSS positions; and
- DBM letter dated November 8, 2021 indicating that SSS has the flexibility to modify its utilization within the DBM-approved budget level for items funded out of the corporate funds.

Further, the augmentation in PS is also attributed to the following factual considerations:

- a. The number of promotions increased by 239 per cent from 104 employees in CY 2021 to 353 employees in CY 2022;
- b. The one-time grant of Service Recognition Incentive (SRI) increased by 100 per cent from ₱10,000 per qualified employee in CY 2021 to ₱20,000 in CY 2022;
- c. Payment of anniversary Incentive Award amounting to ₱3,000 per qualified employee which is given during every anniversary milestone of the system;
- d. The resumption of normal operations resulted to the increase in expenses related to actual services rendered, even working on Saturdays (e.g., Night shift differential, Overtime pays, Hazard pays and Subsistence allowance); and
- e. Payment of the CY 2021 actual deficit of ₱8.700 million in CY 2022 based on DBM letter dated November 8, 2021.

Personnel benefit contribution includes Provident Fund which consists of contributions made by both the SSS and its officials and employees and their earnings, for the payment of benefits to such officials and employees or their heirs as provided under Section 4.a.3 of the RA No. 11199. The affairs and business of the fund are directed, managed and administered by a Board of Trustees. Upon retirement, death or resignation, the employee or his heirs will receive from the fund payments equivalent to his contributions, his proportionate share of the SSS' contributions and investment earnings thereon.

As at December 31, 2022, SSS has a total of 6,525 regular and casual personnel of which 7 are new employees but net of 29 retired/separated employees.

29. MAINTENANCE AND OTHER OPERATING EXPENSES (MOOE)

This account is composed of the following:

	2022	2021
General services	463,003,999	415,706,451
Utility expenses	246,491,446	196,339,897
Repairs and maintenance	215,806,940	258,895,606
Supplies and materials expenses	186,363,812	54,745,595
Labor and wages	162,971,752	173,605,631
Communication expense	113,243,739	134,310,843
Professional expenses	100,002,615	91,317,388
Travelling expenses	32,390,552	23,072,189
Taxes, insurance premiums and other fees	27,308,098	27,214,051
Training and scholarship expenses	19,134,132	7,998,374
Awards/Rewards, prizes, and indemnities	2,952,691	2,348,245
Confidential, intelligence and extraordinary expenses	1,263,114	1,119,974
Other MOOEs	351,018,144	298,426,713
	1,921,951,034	1,685,100,957

Other MOOEs consist of the following:

	2022	2021
Fees and commission expenses	150,261,137	94,683,581

Subscription expenses	65,936,983	68,193,996
Transportation and delivery expenses	42,589,695	33,798,606
Printing and publication expenses	28,684,516	48,967,906
Advertising, promotional and marketing expenses	18,331,832	19,473,097
Directors and committee members' fees	15,442,402	15,732,412
Rent/lease expenses	7,499,337	5,992,079
Membership dues and contributions to organizations	6,468,056	6,176,691
Donations	200,000	117,575
Others	15,604,186	5,290,770
	351,018,144	298,426,713

30. FINANCIAL EXPENSES

This account is composed of the following:

	2022	2021
Interest expenses – lease liability	49,985,041	55,992,142
Bank charges	42,607,369	36,825,091
Other financial charges	112,814,462	121,277,321
	205,406,872	214,094,554

The SSS recognizes interest expense on the lease liability calculated using the effective interest method in view of the new accounting standard on leases (see Note 2.14).

Other financial charges represent investment-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. It also includes Flexi Fund and PESO Fund management fees amounting to ₱12.856 million and ₱11.647 million for CY 2022 and CY 2021, respectively.

31. NON-CASH EXPENSES

This account is composed of the following:

	2022	2021
Losses	18,700,228,496	11,362,768,311
Impairment loss	975,831,033	2,257,440,118
Depreciation	575,097,390	614,666,658
Amortization	34,203,563	40,317,779
	20,285,360,482	14,275,192,866

The SSS recognizes losses from the following:

	2022	2021
Changes in fair value of financial instruments	16,935,875,189	7,731,406,906
Changes in fair value of investment properties	1,376,020,541	3,166,190,266
Sale/Redemption/Transfer of Investments	283,780,625	456,332,314
Foreign exchange	99,637,414	6,783,751
Sale/disposal of PE and other assets	4,914,727	2,055,074
	18,700,228,496	11,362,768,311

32. NET CHANGE IN POLICY RESERVES

SSC Resolution No. 123-s. 2021 dated March 10, 2021 approved the adoption of the PFRS 4 in the computation of the ICL for the CY 2020 financial statements and onwards and the use of the discount rate of six per cent.

Net change in policy reserves for CY 2022 is ₱478.110 Billion, which is ₱394.250 Billion or 45.19 per cent lower than the CY 2021 provision of ₱872.360 Billion.

	2022	2021
Insurance Contract Liability		
SSF	8,066,715,313,607	7,591,297,256,633
EC-SIF	40,975,309,572	38,283,091,820
MIA	4,094,111	4,570,385
	8,107,694,717,290	7,629,584,918,838
Net Change		
SSF	475,418,056,973	857,208,021,037
EC-SIF	2,692,217,752	15,152,036,740
MIA	(476,272)	(557,720)
	478,109,798,453	872,359,500,057

33. 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. The extension option is exercisable up to one year after the lease period has expired as running from month-to-month with the same terms and conditions as stipulated. On the other hand, if either party desires to terminate prior to expiration of the lease period, the desiring party shall inform the other party in writing of such intention at least 60 days before the intended termination date. There are no residual value guarantees and sale and leaseback transactions in the lease agreement.

Out of the 307 local and foreign branches, 133 offices located in various locations are rent-free. As at December 31, 2022 and 2021, the total lease payment made amounted to ₱272.688 Million and ₱248.855 Million, respectively (see Notes 15 and 29). Further, there are no sublease agreements made and no occurrences of contingent rent.

SSS as lessor

The SSS leases out a portion of its office space to various tenants under cancellable operating lease agreements and the minimum lease rental amounts to at least ₱800 per month. The leases have varying terms, escalation clauses and renewal rights. A renewal option is available to the lessee who shall give written notice of its intention to renew at least 60 calendar days prior to the expiration of the lease period. If the lessee continues in the occupation of the leased premises with the consent of the lessor after the term, said extension of the contract shall be understood as running from month-to-month basis under the same terms and conditions stipulated in the agreement, but the monthly rental shall all be escalated based on the SSS leasing guidelines. For the pre-termination terms, either party may pre-terminate the lease for any reason, provided that the party who initiates the pre-termination shall inform the other party in writing at least 60 calendar days before the intended date of termination. In the case the lessee voluntarily pre-terminates the lease agreement, the lessee shall pay the SSS a pre-termination fee to be deducted from the security deposit.

Total rental income earned as at December 31, 2022 and 2021 amounted to ₱1.244 Billion and ₱1.205 Billion, respectively, details as follows:

	2022	2021
Investment properties	1,216,727,488	1,183,610,613
Leased acquired/foreclosed assets	19,357,226	13,648,203
Operating assets	7,989,794	7,775,572
	1,244,074,508	1,205,034,388

34. RELATED PARTY DISCLOSURES

As at December 31, 2022, the composition of the Social Security Commission (SSC) is as follows:

Board Position	Name	Appointment
1. Ex-Officio Chairperson	Benjamin E. Diokno	Secretary, Department of Finance
2. Vice-Chairperson	Michael G. Regino	President & CEO, SSS
3. Ex-Officio Member	Bienvenido E. Laguesma	Secretary, DOLE
4. Member	Diana V. Pardo-Aguilar	Representing the Employers' Group
5. Member	Manuel L. Argel Jr.	Representing the Employers' Group
6. Member	Ricardo L. Moldez	Representing the Employers' Group
7. Member	Bai Norhata Macatbar Alonto	Representing the Workers' Group
8. Member	Jose C. Julio	Representing the Workers' Group
9. Member	Anita Bumpus-Quitain	Representing the Workers' Group

Key Management Personnel Remuneration and Compensation

The management personnel of SSS are the President and CEO, Executive Vice President and Senior Vice Presidents of the operating and support groups. The remunerations of key management personnel during the year are as follows:

	2022	2021
Salaries	79,658,745	32,200,430
Other allowances and benefits	36,585,278	25,553,472
	116,244,023	57,753,902

Meanwhile, the total remuneration received by the Board of Commissioners amounted to ₱22.062 million and ₱17.067 million for CYs 2022 and 2021, respectively.

35. RESTATEMENT

The following table summarizes the effect of the adjustments made on the changes in accounting policy.

Effect on the Statement of Financial Position

	December 31, 2021			January 01, 2021		
	(In million pesos)					
	As previously reported	Effect of the accounting change	As Restated	As previously reported	Effect of the accounting change	As Restated
Payable to Flexi-Fund		1,271.31	1,271.31		14.23	14.23
Payable to PESO Fund		166.32	166.32		25.77	25.77
Payable to WISP Fund		15,819.71	15,819.71			
Members' Equity	16,863.60	(16,863.60)		1,281.70	(1,281.70)	
Reserve Fund/Retained Earnings	678,447.91	(393.69)	678,054.22	650,943.97	(39.95)	650,904.02
Reserve Fund – policy reserves	(7,629,584.87)	(0.05)	(7,629,584.92)	(6,757,223.95)	(0.05)	(6,757,224.00)

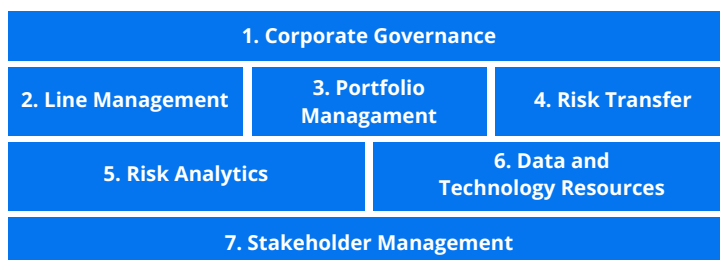
36. FINANCIAL RISK MANAGEMENT

SSS manages the existing and emerging risks across the entire organization. These risks can be divided into four principal risk categories: Financial Risks, Insurance & Demographic Risks, Strategic Risks and Operational Risks. To provide a systematic method of addressing these risks, the SSS established and adopted an Enterprise Risk Management (ERM) approach. ERM is a continuous, proactive and integrated process used to identify, assess and manage risks across all areas and at all levels of the organization. This will ensure the alignment of strategic planning and risk management.

Under ERM, SSS implements a risk management process that is carried out in five phases – (1) strategic plan, (2) risk identification and analysis, (3) risk measurement, (4) risk control and treatment and (5) risk monitoring and reporting. The process runs in a continuous cycle to improve the management system by incorporating the lessons learned and feedback of stakeholders. It is conducted across the entire organization throughout the year in all its day-to-day operations.

The SSS ERM has seven key components, as follows:

Seven Components of SSS' ERM



1. Corporate Governance – to ensure that the SSC and the Management have established the appropriate organizational process and corporate controls to measure and manage risk across the organization.

SSS has established a Risk Management Committee (RMC) responsible for the adoption and oversight of risk management program of the System, in accordance with the guidelines prescribed by the Governance Commission for GOCCs (GCG). It also created the Risk Management Division (RMD), under the Actuarial and Risk Management

Group (ARMG), which is responsible in ensuring that risk policies are in place among SSS units.

2. Line Management – to integrate risk management into the investment as well as operational activities of the organization.

RMD conducts series of meetings and workshops to explain the concept of risk and describe the risk management process – ISO 9001:2015 Seminar/Workshop on Risk-based Thinking for all SSS Employees.

3. Portfolio Management – to aggregate risk exposures, incorporate diversification effects, and monitor risk concentrations against established risk limits.

RMD together with the Investments Sector (IS) implements certain limits for SSS investments. These are debt and equity limits, Value-at-Risk (VaR) limits, Market-to-Acquisition Ratio (MAR) limits, banking sector limits, real property and real estate related investments limits and other industry limits. Also, IS units have established their internal limits for each SSS investment asset (e.g., limit per broker, trading limit per day, allocation for each asset, limit per trader, etc.).

4. Risk Transfer – to mitigate risk exposures that are deemed too high or are more cost-effective to transfer out to a third party than to hold in the organization's risk portfolio.

SSS transfers risks through acquisition of insurances to mitigate risk exposures that are deemed too high, which is consequently more cost-effective than to hold in the System's risk portfolio. Insurance policies acquired by SSS include fire insurance for SSS properties, Directors' and Officers' Liability Insurance (DOLI) for SSC and the Management and Credit Group Life Insurance (CGLI) for SSS pensioners who availed of the Pension Loan Program.

5. Risk Analytics – to provide risk measurement, analysis and reporting tools to quantify the organization's risk exposures as well as track external drivers.

SSS monitors various risk metrics using risk management tools that are developed for the analysis and assessment of risks, which help in the formulation of appropriate mitigating measures. Examples of risk management tools are VAR, MAR, Stop Loss/ Cut Loss, etc.

6. Data and Technology Resources – to support the analytics and reporting processes.

Currently, RMD manually encodes in its internal database and processes through aggregation various risk-related data from different SSS units using Macro-embedded program in MS Excel. Risk metrics are programmed in MS Excel to generate risk reports.

7. Stakeholder Management – to communicate and report the organization's risk information to key stakeholders.

RMD, as part of its risk reporting function, presents identified risks, both existing and emerging, and corresponding action plans during Management Review meetings. A document regarding how SSS manages its risks is published on the SSS website under the Transparency Seal.

The SSS' RMD developed four risk manuals – Financial Risk Management Manual, Insurance and Demographic Risk Management Manual, Strategic Risk Management Manual and Operational Risk Management Manual – that provide a common and systematic approach for managing risks. Each manual contains all risk management tools, policies and procedures that were approved by the SSC and proposed by the RMD. The risk management tools, policies and procedures currently utilized by SSS to manage the four principal risk categories, are discussed below:

36.1 Financial Risks

Financial Risks refers to the potential losses due to changes in external markets, prices, rates and liquidity supply and demand.

The SSC and Management are active in the evaluation, scrutiny and credit approval process on all investments being undertaken by the SSS. The SSC has adopted adequate policies on investment procedures, risk assessment and measurement and risk monitoring by strict observance on the statutory limit provided under the SS Law and compliance to the investment guidelines. Internal controls are also in place and a comprehensive audit is being done by Internal Audit Services.

1. Market Risk

Market Risk is the risk of SSS investments declining in value because of economic developments or other events that affect the entire market. This risk arises from (i) fluctuations in market prices of equities due to changes in demand and supply for the securities (*Equity Price Risk*), (ii) changes in SSS' investment value due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship (*Interest Rate Risk*) and (iii) fluctuations in exchanges rates due to changes in global and local economic conditions and political developments that affect the value of SSS' foreign-denominated investments (*Foreign Currency Risk*).

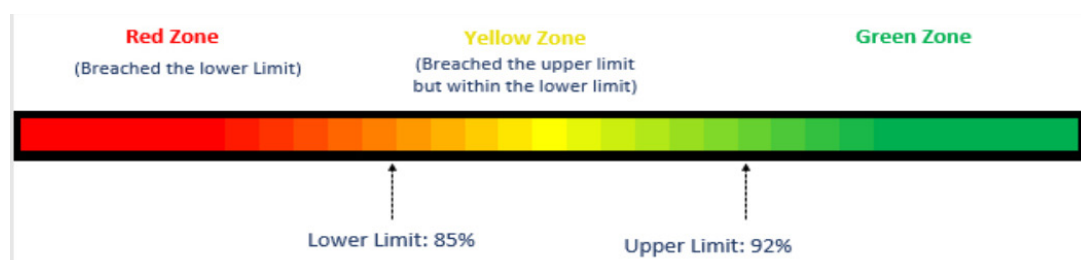
SSS strictly adheres to the provisions of Section 26 of the SS Law, which states that the funds invested in equities, corporate notes/bonds, loans, mutual funds and other financial instruments shall earn an annual income not less than the average rates of treasury bills or any acceptable market yield indicator. Also, SSS developed risk management tools to monitor and mitigate market risks, these are:

- a. *Value-at-Risk (VaR)* – a risk management tool used to measure the equity portfolio's maximum loss under normal market movements for a specified time interval and at a given confidence level. Alternatively, it measures the minimum loss of a portfolio under extreme market movements. Daily VaR estimates are monitored daily and compared to its limits.

The VaR limit is designed to restrict potential loss to an amount tolerable by the Management, given the daily investment exposure on a trading portfolio. It is a general limit that incorporates a wide array of risks but encapsulates the quantification of these risks to a single number.

- b. *Market-to-Acquisition Ratio (MAR)* – a risk indicator that measures the percentage of the asset or portfolio's daily market value relative to its acquisition cost. The MAR values range from zero to positive infinity. MAR values lower than 100 per cent indicate unrealized losses while values greater than 100 per cent indicate unrealized gains.

The daily MAR values were translated into colors to indicate the magnitude of risks on the portfolio. These MAR values are visually represented using a MAR Heat Map.



- c. Stop Loss /Cut Loss Program – a disciplined/programmed divestment of losing stocks triggered by certain conditions (e.g., technical analysis / optimal portfolio recommendations, dividend yield etc.) until all subject shares have been fully divested for the primary purpose of limiting losses to the equity portfolio.

2. Credit Risk

Credit risk refers to the risk of an economic loss from the failure of the counterparty to fulfill its contractual obligations or from the increased risk of default during the term of the transaction. This includes risk due to (i) SSS debtor's incapacity or refusal to meet debt obligations, whether interest or principal payments on the loan contracted, when due (*Default Risk*); (ii) taking over the collateralized or escrowed assets of a defaulted SSS borrower or counterparty (*Bankruptcy Risk*); (iii) potential for a loss in value of an SSS investment portfolio when an individual or group of exposures move together in an unfavorable direction (*Concentration Risk*); (iv) deterioration of perceived credit creditworthiness of the borrower or counterparty (*Downgrade Risk*) and (v) failure of a counterparty to deliver a security or its value in cash when the security was traded after SSS have already delivered security or cash value, as per the trade agreement (*Settlement Risk*).

SSS implements structures and standardized evaluation guidelines, credit ratings and approval processes. Investments undergo technical evaluation to determine their viability/acceptability. Due diligence process (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 are used to determine if counterparties are creditworthy.

To avoid significant concentrations of exposures to specific industries or group of issuers and borrowers, SSS investments are regularly monitored against prescribed cumulative ceilings specified in Section 26 of SS Law.

The following table shows the maximum credit risk exposure and aging analysis of the SSS financial assets with past due as at December 31, 2022 and 2021.

2022									
Past due but not impaired (Age in months)									
	Neither past due nor impaired	1-12	13-36	37-48	49-60	Over 60	Expired	Impaired	Total
(In Million Pesos)									
Financial assets at FVTPL	71,411	0	0	0	0	0	0	0	71,411
Financial assets at FVTOCI	127,756	0	0	0	0	0	0	8	127,764
Financial assets at amortized cost									
Corporate notes and bonds	34,726	0	0	0	0	0	0	113	34,839
Government notes and bonds	258,641	0	0	0	0	0	0	14	258,655
Loans and receivables:									
NHMFC	0	0	0	0	0	0	6,314	3,113	9,427
Receivable from Private and Gov't Agencies	504	0	0	0	0	0	0	171	675
Housing loans	186	22	2	0	3	21	165	621	1,020
Member loans	38,550	19,839	23,675	0	9,647	19,504	0	5,423	116,638
Pension loans	5,550	0	0	0	0	0	0	13	5,563
Sales contract receivable	287	450	33	11	11	40	15	418	1,265
Rental receivable	82	6	0	0	0	0	0	91	179
Commercial and industrial loans	0	0	0	0	0	0	2	67	69
Program MADE	0	0	0	0	0	0	0	17	17
	537,693	20,317	23,710	11	9,661	19,565	6,496	10,069	627,522

2021									
Past due but not impaired (Age in months)									
	Neither past due nor impaired	1-12	13-36	37-48	49-60	Over 60	Expired	Impaired	Total
(In Million Pesos)									
Financial assets at FVTPL	60,233	0	0	0	0	0	0	0	60,233
Financial assets at FVTOCI	142,782	0	0	0	0	0	0	0	142,782
Financial assets at amortized cost									
Corporate notes and bonds	25,717	0	0	0	0	0	0	40	25,757
Government notes and bonds	219,470	0	0	0	0	0	0	0	219,470
Loans and receivables:									
NHMFC	0	0	0	0	0	0	6,379	3,187	9,566
PGC	400	100	1,100	0	0	0	0	0	1,600
Housing loans	227	31	7	7	3	43	340	754	1,412
Member loans	26,148	31,965	16,703	0	5,873	22,145	0	9,461	112,295
Pension loans	3,523	0	0	0	0	0	0	7	3,530
Sales contract receivable	986	7	18	12	9	19	45	116	1,212
Rental receivable	91	3	0	0	0	0	0	175	269
Commercial and industrial loans	0	0	0	0	0	0	5	64	69
Program MADE	0	0	0	0	0	0	0	17	17
	479,577	32,106	17,828	19	5,885	22,207	6,769	13,821	578,212

To further ensure compliance with Section 26 of SS Law, Policies and Guidelines in Determining and Managing Exposure Limits to Debt and Equity were established, the investment limits for Conglomerate/Group, Individual Corporation, Individual Corporation's Debt and Individual Corporation's Equity are determined based on two principles: Investment Reserve Fund (IRF) forecast-based principle and risk-based principle.

For the IRF forecast-based principle, the following are the limit ceilings as portion of IRF forecast, where the IRF forecast is computed from the previous year's IRF plus 90 per cent of the current year's target net revenue:

- 10% for Conglomerate/Group
- 5% for Individual Corporation
- 4% for Individual Corporation's Debt
- 4% for Individual Corporation's Equity

The risk-based principle for computing investment limits is based on the company's value and its credit score.

Factors	Individual Corporation	
	Debt	Equity
Corporation's Value	Three times the Unimpaired Capital of the Corporation	10% of the Market Value of Total Issued and Outstanding Shares of the Corporation
Risk Measure	Merton Distance-to-Default	Altman Z-Score

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

a. Minimum requirements for stockbroker evaluation

- a.1. Stockbroker must be registered with the Securities and Exchange Commission (SEC) and a member of good standing of the Philippine Stock Exchange (PSE) as defined under Section 28 of the Securities Regulation Code (SRC).
- a.2. The stockbroker must belong to the top thirty-five (35) in terms of cumulative value of transactions during the past three years and the latest available PSE data for the current year will be considered. Provided, however, that the number of accredited stockbrokers shall not exceed thirty-five (35).
- a.3. The stockbroker must be in operation for at least five years and must be profitable for three years in these five years of operation. Provided that the stockbroker must be profitable for at least one year in the last two years prior to the application for accreditation.
- a.4. The stockbroker must have a minimum unimpaired paid-up capital of one hundred million pesos (P100 million), or the minimum capitalization required by the SEC, whichever is higher.
- a.5. The stockbroker must provide certification of its positive track record of service from at least three institutional clients.
- a.6. The stockbroker's management team and personnel must be duly licensed by the PSE, SEC, Philippine Depository & Trust Corporation and other relevant regulatory agencies.

b. Stockbroker transactions, allocations and limits

- b.1. Total daily transactions, excluding block transactions, per stockbroker shall not exceed 50 per cent of the stockholder's equity of stockbrokers. (Limit settlement risk)
- b.2. Total transactions, excluding negotiated block transactions, for each of the accredited stockbrokers, during the accreditation period, shall not exceed the higher between one over the number of active accredited stockbrokers \times 100 per cent and 15 per cent of total SSS transactions.
- b.3. The initial recommendation for allocation of transactions shall be determined based on the results of evaluation for stockbroker accreditation. Subsequent recommendations for allocation shall be based on the monthly performance ratings.

- b.4. Transactions, excluding negotiated block transactions, with the SSS by the stockbroker within the year of accreditation, shall not exceed 40 per cent of its total market transactions. This ensures that SSS is not its only client.

3. Liquidity Risk

Liquidity risk refers to the risk that a company may be unable to meet short-term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process. This risk also refers to (i) unanticipated changes in liquidity supply and demand that may affect SSS through untimely sale of assets, inability to meet contractual obligations or default (*Funding Liquidity Risk*) and (ii) the possibility that an institution will not be able to execute a transaction at the prevailing market price because there is temporarily no appetite for the deal on the other side of the market (*Trading 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 a sufficient portfolio of highly marketable assets that can easily be liquidated as protection against unforeseen interruption of cash flow.

To ensure that investments in Marketable Securities shall be compliant with the basic principles of safety, liquidity and yield and shall benefit as many members as possible of the System, SSS only invests in shares of stock and equity-related issues that satisfy its stock accreditation guidelines.

Also, the RMD developed a Risk Dashboard to provide the Management with a bird's-eye view of the financial risks that SSS is facing. This dashboard will help the Management in identifying the issues that may arise from the cumulative impact of risks over time. It consists of risk reports like VaR, MAR Heat Maps, Ageing Reports, and Limit Monitoring, which are presented in tabular and graphical form. RMD also conducts validation, back testing and stress testing on risk models used by the Investments Sector to ensure effectiveness and reliability of models.

4. Reinvestment Risk

This is the possibility that an investor will be unable to reinvest cash flows (e.g., coupon payments) at a rate comparable to the current investment's rate of return. The term also sometimes refers to the risk that principal repayments on such security may be paid prior to maturity, thereby forcing the asset manager to seek reinvestment of principal at a time when interest rates may be lower than the rate that was payable on the security.

5. Asset-Liability Mismatch Risk

This is the risk of a change in value from a deviation between asset and liability cash flows, prices or carrying amounts, caused by a change in actual cash flow, change in expectations for future cash flows and accounting inconsistencies.

6. Inflation Risk

This is the risk of a loss in purchasing power because the value of the investments does not keep up with inflation.

7. Systemic Risk

This is the risk of potential failure of one institution to create a chain reaction or domino effect on other institutions and consequently threaten the stability of financial markets and even the global economy.

36.2 Insurance and Demographic Risks

Insurance and demographic risks refer to the potential loss arising from variation in pension fund, claim experience and exposure to adverse persistency, and uncertainty in demographic assumptions when the benefits were designed and valued. This risk also refers to the following:

1. Longevity Risk

The risk that SSS pensioners live longer than expected leads to higher expected payouts.

2. Mortality Risk

The risk due to changes in actual mortality rates that adversely differ from assumptions.

3. Morbidity Risk

The risk due to deviations of actual mortality rates that adversely differ from assumptions.

4. Claims Inflation

The risk is due to an increase in the total amount of claims over time.

SSS manages these risks through regular conduct of actuarial valuation/studies and monitoring of experiences. There are also mitigating measures to control SSS members' anti-selection practices, such as when a person who has better information on products and/or services selectively uses it to gain personal advantage at the expense of the provider or another party. For example, SSS only allows self-employed members and voluntary members, including Overseas Filipino Workers (OFWs) aged 55 years old and above, to increase their monthly salary credit (MSC) brackets to only once in a given year but only one salary bracket from the last posted MSC. This is to control the practice of abruptly increasing one's monthly salary credit near retirement to increase expected pension.

36.3 Strategic Risks

Strategic risk arises from unanticipated changes in key elements of strategy formulation and/or execution leading to actual strategic outcomes that adversely differ from expectations. This risk also refers to the following:

1. Governance Risk

This risk arises from government not functioning as expected.

2. Political Risk

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

3. Strategic Relationship Risk

This is due to unexpected changes in strategic relationships such as joint ventures/partnerships.

4. External Relations Risk

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

5. Legislative and Regulatory Risk

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

6. Economic Risk

This risk arises from unanticipated changes in the economy such as changes in consumer disposable income affecting the ability to pay contributions or loan balances.

7. Strategic Asset Allocation Risk

This is the risk that the strategic asset allocation is not expected to deliver a particular agreed target return, i.e., the target returns and how the assets are invested to deliver this return are not in sync.

SSS manages these risks by creating harmonious relationships with various stakeholders, monitoring new and pending bills, and conducting regular economic research/studies to craft appropriate policies beneficial to the System and its members. Also, SSS implemented the No Gift Policy, No Noon Break Policy, Anti-Fixer Campaign and No Smoking Campaign which will enhance its image as a government institution.

36.4 Operational Risks

Operational risk refers to potential loss, whether direct or indirect, due to ineffective and inefficient internal processes, human resource failures, system failure or external events. This risk includes the following:

1. Internal Fraud Risk

These are potential losses 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.

2. External Fraud Risk

These are potential losses due to acts intended to defraud, misappropriate property or circumvent the law, by a third party.

3. Employment Practices and Workplace Safety Risk

These are potential losses arising from acts inconsistent with employment, health or safety laws or agreements from payment of personal injury claims or from diversity/discrimination events.

4. Clients, Products and Business Practices Risk

These are potential losses arising from 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 or service.

5. Damage to Physical Asset Risk

These are potential losses arising from loss or damage to physical assets from natural disasters or other events.

6. Business Disruption and System Failure Risk

These are potential losses arising from the disruption of business or system failures due to unavailability of infrastructure or IT.

7. Execution, Delivery and Process Management Risk

These are potential losses from failed transaction processing or process management, from relations with trade counterparties and vendors.

SSS monitors these risks by conducting regular Risk and Control Self-Assessment (RCSA) throughout the System. RCSA provides insights on risks in each SSS unit, both existing and/or emerging. Identified operational risks through RCSA are consolidated in a risk report, which is presented in Risk Management and Investment Committee (RMIC) meetings. Actual risk incidences are reported as well.

Through RCSA, SSS units become more aware of the risks present in their day-to-day operations. As such, they can identify gaps and ineffective controls and come up with sensible action plans to minimize possible loss and damage. The progress of the action plans is periodically monitored and reported.

Below are some of the risk management tools used to address operational risks:

- a. Privacy Impact Assessment – SSS conducts Privacy Impact Assessment (PIA) to evaluate privacy impacts in all processing systems – existing, new and enhancements. The PIA takes into account the nature of personal data to be protected, threshold analysis, personal data flow, stakeholder engagement and risks to privacy and security in each processing system.

- b. Directors' and Officers' Liability Insurance – SSS has been providing its Commissioners and Executives with an indemnity coverage to afford SSS, SSC and its Management the means to pursue their fiduciary duties and obligations to always act in the best interest of the System, with utmost good faith in all their dealings with the property and monies of SSS.
- c. Personal Equity Investment Policy – SSS promotes high standards of integrity and professional excellence among its officers and employees in the investment of the Reserve Funds as provided under its Charter through regular monitoring and regulating the official and personal transactions and activities related to equity investments of concerned SSS officers and employees and the establishment of a disclosure mechanism for their personal equity investments.
- d. Business Continuity Management Plan – Currently, the SSS trains its employees to be prepared against natural and manmade calamities through regular conduct of disaster preparedness programs, e.g., fire drill, earthquake drill, back-up and recovery of systems. For long-term preparation, the SSS has created a Disaster Control Group that is responsible for planning strategies and mechanisms to provide continuous delivery of services to the public amidst any disruption in operations caused by disasters. Also, SSS has created a Technical Working Group to develop a comprehensive Business Continuity Management Program for SSS to ensure continuity of critical member services, swift return to normal operations and reduce possible loss on the onset of a disruption.

37. EVENTS AFTER THE REPORTING PERIOD

Relative to Section 4a.9 of RA No. 11199, the SSS will implement the increase in rate of contributions as well as the minimum and maximum monthly salary credits effective January 1, 2023. For CY 2023 the new contribution rate is 14 per cent; 9.5 and 4.5 per cent for employer and employee, respectively.

As approved by the Social Security Commission during its January 6, 2023 meeting, the President and CEO and Executive Vice President for Investments Sector are designated as authorized signatories on more than 100 Million alternative investment initiatives of SSS, which include the outsourcing of fund manager for domestic and foreign investments, placements of funds in collective investment schemes and such other alternative investment instruments that are identified and allowed as provided under Section 26 of RA No. 11199 or the Social Security Law.

Relative to SSS Resolution No. 23-s.2021 dated January 13, 2021, the hiring of nine (9) local fund managers was approved with details as follows.

Mandate	No. of Lots	Managed Fund per LFM	Total Managed Fund per Mandate
Balanced fund	5	₱1.5 Billion	₱7.5 Billion
Pure equity fund	2	₱1.0 Billion	₱2.0 Billion
Pure Fixed Income Fund	2	₱1.0 Billion	₱2.0 Billion
Total	9		₱11.5 Billion

Of the target nine local fund mandates, only five mandates will be outsourced to three qualified LFM's with details as follows.

Mandate	External Fund Manager	Amount of Deployment	Target Date of Deployment
Balanced fund	BPI Asset Management and Trust Corporation	₱1.5 Billion	Feb 15 to Mar 8, 2023
	Security Bank Corporation	₱1.5 Billion	
Pure equity fund	Philequity Management, Inc.	₱1.0 Billion	Feb 16 to Mar 1, 2023
Pure Fixed Income Fund	BPI Asset Management and Trust Corporation	₱1.0 Billion	Feb 16 to Mar 3, 2023
	Security Bank Corporation	₱1.0 Billion	

On the properties in General Tinio, Nueva Ecija, the ROPAAD requested from the Register of Deeds of the Province of Nueva Ecija on March 20, 2023 certified true copies of the Transfer Certificate of the Titles in preparation for the payment by the Land Bank of the Philippines of the land transfer claim of the 11 SSS lots. On March 29, 2023, a meeting was conducted with the SSS Luzon Central Legal Department (LCLD) relative to the Petition for Determination of Just Compensation pending before the RTC Branch 23 of Cabanatuan City, Nueva Ecija, where SSS was required to provide documents related to the CARP Coverage of Raja Santa Property to LCLD for the preparation of draft petition for the revocation of Certificate of Land Ownership Award (CLAO) over the subject property.

Pursuant to the provision of existing laws, Rolando L. Macasaet was appointed as the new President and Chief Executive Officer of the Social Security System, vice Michael G. Regino, by President Ferdinand R. Marcos, Jr. with appointment letter dated December 23, 2022 from the Office of the President of the Philippines, Malacañang. The Oath of Office was held on January 5, 2023.

38. OTHER MATTERS

Commitments

The amount authorized but not yet disbursed for capital expenditures as at December 31, 2022 is approximately ₱78,900 Million. DBM granted SSS the flexibility to modify its utilization within the total DBM-approved budget level. The DBM approved budget for capital expenditures of ₱1,500 Billion was down to ₱487,900 Million utilizing the said flexibility.

39. COMPLIANCE WITH TAX LAWS

Presented under the following table is the supplementary information which is required by the Bureau of Internal Revenue under Revenue Regulations No. 15-2010 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 the 15th day of the following month except those withheld for the month of December which are remitted on or before the 20th day of January of the following year. Value-added taxes and final income taxes withheld are remitted on or before the 10th day of the following month.

	Amount
Taxes paid as at December 2022	
On compensation	529,155,493
Expanded	46,338,984
VAT and other percentage tax	64,299,709
Final tax	1,499,993
Output tax (VAT)	126,839,254
Taxes withheld as at December 2022 and remitted in January 2023	
On compensation	355,597,538
Expanded	11,134,116
VAT and other percentage tax	20,612,488
Final tax	173,915
Output tax (VAT)	9,583,098
	1,165,184,588

The SSS is exempted from all kinds of taxes pursuant to Section 16 of RA No. 11199 which states that

“All laws to the contrary notwithstanding, the SSS and all its assets and properties, all contributions collected and all accruals thereto 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; and all benefit payments made by the SSS shall likewise be exempt from all kinds of taxes, fees or charges and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt but 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.”

Under Section 86 item q. of RA No. 10963, otherwise known as the “Tax Reform for Acceleration and Inclusion” (TRAIN) Law, effective January 1, 2018, SSS exemption on VAT has been repealed.

40. STATUS OF LAWSUITS

The SSS is involved as a party in several legal proceedings pending resolutions that could materially affect its financial position. Among these lawsuits are the following:

Description	Amount	Status
Expropriation case filed by the National Grid Corporation of the Philippines (NGCP) on 60,872 square meters portion of SSS property at Pasay City (Site 2 FCA 7)	₱1.461 Billion	Case withdrawn. The Special Civil Action Case filed with the Regional Trial Court in Pasay City was withdrawn by the Plaintiff, NGCP based on the Order dated 21 July 2021. That was received by SSS on 16 August 2021.
Civil case for Sum of Money with Damages filed against Waterfront Philippines, Inc. (WPI)	₱1.151 Billion	Entry of judgement was issued on 12 December 2022. The Supreme Court decided in G.R. No. 249337 dated 06 July 2021 the following: 1. The Contract of Loan with Real Estate Mortgage with Option to Convert to Shares of Stock, and all accessory contracts appurtenant thereto are declared null and void; 2. The Certificate of Sale dated 19 September 2003 is also declared null and void; and 3. Mutual restitution together with any income, fruits or dividends realized therefrom.
Quieting of title filed by Desiderio Dalisay Investment, Inc. (DDII) – “Dacion en Pago” (Cabaguio Ave. cor. Del Pilar Street, Brgy. Agdao Proper, Agdao, Davao City)	₱83.586 Million	DDII to execute the Deed of Sale over the properties in favor of SSS and surrender the Owner’s Duplicate of Transfer Certificate of Title (TCT) Nos. T-18203, T-18204, T-255986 and T-255985, as well as the Tax declarations over the said properties. SSS to re-compute petitioner’s obligations, accordingly, reckoned from June 17, 1982, the date when respondent communicated its acceptance of the offer. SSS Davao was requested to inquire from the RTC of Davao City, Branch 14, whether the records of the case have already been remanded by the SC. This is preparatory for OSG/SSS to file Motion for Execution of Judgment.
Civil case for Sum of Money filed by Pryce Corporation on One Time Maintenance Adjustment Charge (MAC) on SSS owned memorial lots	₱84.515 Million	Pending with RTC – Branch 61, Makati City. Discussion for settlement is on-going.

INTERNAL AUDITOR'S REPORT

For 2022, the Internal Audit Service Group (IASG) implemented the following audit projects in accordance with its Approved Audit Plan:

1. Audit of Online Processes on Payments for:
 - Sickness Benefit
 - Maternity Benefit
 - Unemployment Benefit
 - Retirement Benefit
 - Funeral Benefit
2. Audit of Asset Management System for Investment Properties
 - Acquisition
 - Asset Utilization
3. Audit of Human Resource Management Systems
 - Recruitment, Selection and Placement
 - Employee Separation
 - Attendance and Leave Administration
4. Audit of Foreign Operations
 - SSS Rome
 - SSS Hong Kong
 - SSS Riyadh
 - SSS Toronto
 - SSS San Francisco
5. Audit of Branch Operations
 - SSS Cebu Branch
 - SSS Cebu Processing Center
 - SSS Cebu Medical Evaluation Center
6. Audit of Telling Operations and Reconciliation Process
 - 34 NCR Branches
 - Cash Management Department
7. Audit of Telling Operations and Reconciliation Process (Special Audit)
 - SSS Sta. Maria Branch
 - Cash Management Department
8. Audit of Member Data Change Request (MDCR) Suspect Transactions at Alabang Branch (Special Audit)
 - Analysis of Proof of Accounts (POAs) / Enrollment of Bank Accounts
 - Review of data amendment processes
9. Audit of Data Center Operations
 - Data Center Physical Security, Environmental and Housekeeping Controls
 - Data Center Operations
10. Audit of BAC Secretariat's Administrative and Technical Support Functions to BAC
11. Audit of Implementation of Freedom of Information (FOI) Program
12. Follow-up Audit
 - Online Registration of Employer/Member
 - Disbursement Account Enrollment Module
13. Provident Fund Automated Voting and Counting System
14. Trends in Sickness and Maternity Benefit Payments

Basically, these audits were aimed to assess the internal control systems and proper implementation of internal controls, to check compliance with statutory requirements and internal policies, procedures, rules, and regulations, and to evaluate the efficiency, effectiveness, economy, and ethicality of operations.

Below are the more significant audit findings/observations:

1. The assessment of the SSS internal control system shows that overall, the internal control system is present, functioning, and adequate with its five (5) components namely: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communication, and 5) monitoring. Each of the control components has well-defined general and specific control guidelines and corresponding control attributes to ensure efficient design and implementation of internal controls.

The assessment also shows that among the five internal control components, risk assessment and monitoring and evaluation still have large numbers of control gaps that require strengthening or improvement.

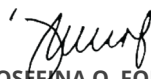
2. The system for the online registration of employer/employee uses only a single factor authentication that is vulnerable to unauthorized user access. There is also a high volume of unfinished registration by the registrants.
3. The system design of the Disbursement Account Enrollment Module (DAEM) allowed the re-enrollment of deactivated bank accounts by different members. This enabled the fraudulent use of similar bank accounts by different members in the availment of loans and benefits. There was no thorough screening and approval of Proof of Accounts (POAs), so much so that defective POAs were accepted in the enrollment of bank account.
4. The design of various online processes for benefit payments was not properly reviewed prior to deployment. There were business rules not included in the system design and validation controls which were not properly functioning.
5. On the acquisition of investment properties, there were undelivered Transfer Certificates of Title for properties acquired through dacion en pago. There were also delay in the transfer of ownership of various properties in the name of SSS.

In the case of a Montalban property, there was a delay in the conversion of the property from agricultural to residential, resulting to its coverage by the Comprehensive Agrarian Reform Program (CARP). The SSS was not also able to exercise its right to retain five hectares of the property. No payment for just compensation has been made as of audit date.

The IASG recommended that it assist Management in addressing the causes of the above-mentioned control gaps and audit findings. Close coordination with the SSS Compliance Officer and operating units is being done to ensure implementation of recommended actions or measures. Follow-through audits are also being done to monitor and validate the actions taken.

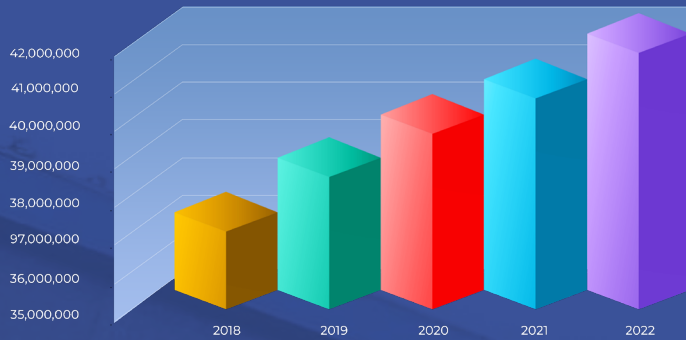
With these, we renew our pledge to be management's partner for efficient public service. Through all the years, IASG has remained true to its mandate that as an independent unit, it is responsible for reviewing and evaluating the effectiveness of risk management, controls, and governance processes, and for making recommendations for improvement to help achieve organizational goals.

The IASG continues to be committed in providing efficient and effective internal audit service by implementing risk-based audit plan, continually improving audit processes, developing a sustainable and highly skilled audit team, and increasing collaboration with stakeholders. More importantly, the IASG will continuously pursue quality audits by adhering to the standards of the Philippine Government Internal Audit Manual and International Standards for the Professional Practice of Internal Auditing.

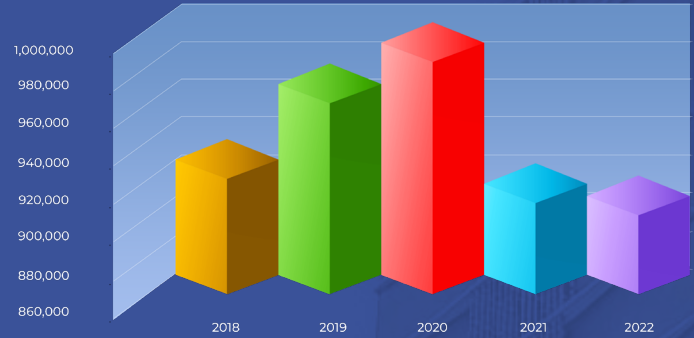

SVP JOSEENA O. FORNIÑOS
Head, Internal Audit Service Group

HISTORICAL DATA

SSS MEMBERSHIP GROWTH



SSS EMPLOYERS GROWTH



SSS PERSONNEL GROWTH



SSS Covered Members, Active Employers and Personnel Workforce
As of December 31

Year	Members (M)	Employers (ER)	Personnel (P)	Ratio of Members to Personnel (M/P)
2022	41,986,171	914,695	6,525	6,434.66
2021	40,775,779	918,261	6,773	6,020.34
2020	40,243,260	993,556	6,971	5,772.95
2019	39,409,525	973,409	7,238	5,444.81
2018	37,516,876	932,076	6,884	5,449.87

Consolidated Assets, Reserves, and Investments (in Million Pesos)			
Year	Assets	Reserves	Investments
2022	773,387.68	(7,382,258.78)	705,697.27
2021	702,402.13	(6,954,125.71)	654,192.59
2020	642,489.44	(6,124,761.92)	589,227.19
2019	601,382.68	(5,707,688.55)	548,282.93
2018	512,645.68	499,538.24	481,329.96

Note: Data for 2018-2021 are based from Restated Financial Statements. Data for 2022 is based from Unaudited Financial Statement

Consolidated Members' Contribution, Investment & Other Income, Benefit Payments, and Operating Expenses (in Million Pesos)				
Year	Members' Contribution	Investment & Other Income	Benefit Payments	Operating Expenses
2022	261,442.17	44,717.53	242,813.87	10,747.99
2021	226,122.98	36,497.60	223,981.99	10,192.90
2020	206,138.09	35,019.56	194,870.86	8,904.63
2019	223,505.65	46,020.60	196,112.80	9,929.00
2018	181,917.28	30,537.03	180,078.51	9,808.42

Consolidated Net Revenue (in Million Pesos)		
Year	Amount	% Inc./ (Dec.)
2022	(425,511.96)	49.58
2021	(843,913.81)	(98.86)
2020	(424,365.96)	(30.63)
2019	(324,849.22)	(1,539.46)
2018	22,567.38	5.57

SS Assets, Reserves, and Investments (in Million Pesos)			
Year	Assets	Reserves	Investments
2022	725,987.89	(7,388,682.40)	660,812.88
2021	657,486.43	(6,960,752.29)	611,628.62
2020	600,333.96	(6,143,778.57)	549,535.28
2019	561,058.51	(5,725,438.10)	509,094.35
2018	474,225.51	461,127.44	444,501.58

Includes Flexi Fund, PESO Fund, Mortgagors' Insurance Account, Mandatory Provident Fund, and Voluntary Provident Fund

SS Members' Contribution, Investment & Other Income, Benefit Payments, and Operating Expenses (in Million Pesos)				
Year	Members' Contribution	Investment & Other Income	Benefit Payments	Operating Expenses
2022	258,902.16	42,197.86	240,646.12	10,652.33
2021	224,003.23	34,531.34	221,839.81	10,095.05
2020	204,127.26	33,276.78	193,421.46	8,838.74
2019	221,087.46	44,212.94	194,456.47	9,845.60
2018	179,666.12	28,774.77	178,356.71	9,714.31

Includes Flexi Fund, PESO Fund, Mortgagors' Insurance Account, Mandatory Provident Fund, and Voluntary Provident Fund

SS Net Revenue (in Million Pesos)		
Year	Amount	% Inc./ (Dec.)
2022	(425,616.01)	48.76
2021	(830,607.75)	(94.96)
2020	(426,042.62)	(29.40)
2019	(329,234.93)	(1,716.28)
2018	20,369.87	10.86

Includes Flexi Fund, PESO Fund, Mortgagors' Insurance Account, Mandatory Provident Fund, and Voluntary Provident Fund

EC Assets, Reserves, and Investments (in Million Pesos)			
Year	Assets	Reserves	Investments
2022	47,399.78	6,423.61	44,884.40
2021	44,915.70	6,626.57	42,563.97
2020	42,155.48	19,016.65	39,691.91
2019	40,324.17	17,749.55	39,188.58
2018	38,420.18	38,410.80	36,828.38

EC Members' Contribution, Investment & Other Income, Benefit Payments, and Operating Expenses (in Million Pesos)				
Year	Members' Contribution	Investment & Other Income	Benefit Payments	Operating Expenses
2022	2,540.01	2,519.67	2,167.75	95.66
2021	2,119.74	1,966.26	2,142.18	97.85
2020	2,010.82	1,742.78	1,449.40	65.89
2019	2,418.19	1,807.66	1,656.32	83.40
2018	2,251.17	1,762.26	1,721.81	94.11

EC Net Revenue (in Million Pesos)		
Year	Amount	% Inc./ (Dec.)
2022	104.05	100.78
2021	(13,306.06)	(893.60)
2020	1,676.66	(61.77)
2019	4,385.71	99.58
2018	2,197.51	(26.77)

CORPORATE GOVERNANCE MATTERS

STATEMENT ON FULL COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The SSS is in full compliance with the Code of Corporate Governance under GCG Memorandum Circular No. 2012-07 covering the following mandates/requirements:

Requirement	Remarks
Manual of Corporate Governance	Adopted and approved by the Social Security Commission (SSC) under Resolution No. 898 issued on 27 November 2013, as amended under Resolutions Nos. 597 dated 02 July 2014, 339 dated 29 April 2015, 138 dated 24 February 2016, 322 dated 18 May 2016, 387 dated 22 May 2017, 128 dated 12 February 2019, 352 dated 22 May 2019, 353 dated 22 May 2019, 254 dated 19 May 2020, 501 dated 23 September 2020, 45 dated 27 January 2021, 191 dated 14 April 2021, 602 dated 24 November 2021, and 173 dated 23 March 2022.
No Gift Policy	<p>SSS No Gift Policy was approved under Section 29 of the Manual of Corporate Governance for the SSS which was approved under SSC Resolution No. 898-s.2013.</p> <p>Implementing Rules on the No Gift Policy of the SSS was approved under SSC Resolution No. 133-s.2014.</p>
Fit and Proper Rule	Certifications attesting to the qualification and disqualification rules applicable to the Appointive Members of the SSC dated 25 January 2022 and 18 April 2022 submitted to GCG.
Directors and Officers Liability Insurance	<p>Renewal of the Directors and Officers Liability Insurance (DOLI) for the period 01 January 2023 to 31 December 2023 was approved under Bids and Awards Committee I Resolution No. 2022-089-2 dated 23 December 2022.</p> <p>The award of the DOLI for the period 01 January 2022 to 31 December 2022 to the Government Service Insurance System through Agency-to-Agency, under Bids and Awards Committee I's Resolution No. 2021-I-081-6 dated 23 December 2021, was approved by the Approving Authority on 29 December 2021.</p>
Board Committees	<p>The SSC approved the composition of the various SSC Committees for 2022 under SSC Resolution No. 640 dated 14 December 2021</p> <ol style="list-style-type: none"> 1. Executive Committee 2. Audit Committee 3. Risk Management and Investments Committee 4. Information Technology and Collection Committee <p>In 2022, the SSC approved the designation of new Members/Chairperson in the following SSC Committees:</p> <ol style="list-style-type: none"> 1. Information Technology and Collection Committee (under SSC Resolution No. 174 dated 23 March 2022 and SSC Resolution No. 175 dated 23 March 2022) 2. Audit Committee (under SSC Resolution No. 174 dated 23 March 2022) 3. Risk Management and Investments Committee (under SSC Resolution No. 562 dated 17 August 2022) 8. Executive Committee (under SSC Resolution No. 706 dated 28 October 2022)
Attendance Record of the Members of the Social Security Commission	Submission of the Attendance Record of the Members of the SSC for 2022 to the Governance Commission for GOCCs (GCG) on 27 December 2022
Election of SSS' Nominees to its Affiliates	Submission of pertinent documents relative to the nomination and designation of the Members of the SSC and SSS officials to SSS investee corporation for 2021, in compliance with Section 5.2, GCG Memorandum Circular No. 2012-04, viz: (a) SSC Resolution No. 1 dated 03 January 2022; (b) Biographic write-ups on the SSC Members; and (c) Certification of the amounts of per diem the SSC members are receiving as nominee-directors to investee corporations.

Statement of Assets, Liabilities and Net Worth (SALN)	Submission of the SALNs of the Members of the SSC as of 31 December 2021 to the Office of the President Philippines. Submission of the SALNs of the new SSS President and CEO and former SSS President and CEO
Disclosure and Transparency Requirements	<p>The SSS posting of information in its website, in compliance with Sec. 43, Mandatory Website GCG MC No. 2012-07 and in relation to Sec. 15.4 (c):</p> <ul style="list-style-type: none"> • Charter • List of Subsidiaries and Affiliates • Government Corporation Information Sheet (GCIS) as mandated by the GCG in its Memorandum Circular No. 2012-01 • Complete listing of the SSC Board of Directors' and SSS Senior Officials' résumés, and their membership in Board Committees • Complete compensation package of all the board members and officers, including travel, representation, transportation and any other form of expenses or allowances • Information on Board Committees and their Activities/Duties and Responsibilities • Attendance record of Directors in Board and Committee meetings • Latest annual Audited Financial and Performance Report within thirty (30) days from receipt of such Report • Audited Financial Statements in the immediate past three (3) years • Quarterly, and Annual Reports and Trial Balance • Current Corporate Operating Budget • Local and Foreign Borrowings and other forms of liabilities • Government subsidies and net lending • All borrowing guaranteed by the Government • Any material risk factors and measures taken to manage such risks • Performance Evaluation System • Charter Statement/Mission-Vision Statements • Performance Scorecards and Strategy Map • SSS Organizational Chart • Manual of Corporate Governance (Amended per SSC Resolution 173 dated 23 March 2022) • CSR Statement • Balance Scorecard • Adoption of a No Gift Policy approved by the GCG and uploaded on the GOCC's website pursuant to Section 29 of GCG MC No. 2012-07.
Staff Support to Directors	The members of the SSC have reasonable support staff and office facilities stationed at SSS Main Office, East Ave., QC and at SSS Bldg., Ayala Ave. corner Rufino St., Makati City
CSR Principles	Statement of Corporate Social Responsibility and Relations with Stakeholders is provided under the Manual of Corporate Governance for the SSS as approved by the SSC in its Resolution No. 898-s.2013 dated November 27, 2013

SSS VISION AND MISSION/CORPORATE STRATEGY

On 29 September 2021, the SSC, under Resolution No. 485, approved the 2022 SSS Strategy Map and Performance Scorecard which are for submission to the Governance Commission for GOCCs (GCG), viz:

I. Review the 2022 SSS Vision and Mission Statements and Monitoring/Overseeing the Implementation of the Corporate Strategy

- A. The existing SSS Vision and Mission Statements were approved under SSC Resolution No.488 dated 23 September 2020, and the 2021-2022 Strategy Map was approved under SSC Resolution No. 489 dated 23 September 2020.

B. Amendments to the approved Strategy Map

1. Inclusion of the strategic objective on member-centric strategy (based on the System's operational realizations from the 2020-2021 pandemic experiences).
2. Reversion to the objective on investment to "Improve Investment Income," as the country moves toward prepandemic levels in 2022.
3. Amendments of the two (2) strategic objectives for the 2022 Strategy Map, viz:

1. Additional objective	:	Enhance public service delivery infrastructure
Corresponding measure	:	Resolution rate, ISO Certification
Justification	:	Member-centric has been one of the more relevant operational strategies of SSS

2. Amendment		
From	To	Remarks
a. Shift in investment focus to increase the provision for the members' and pensioners' needs	Improve investment income	2022 is forecast to be at the pre-pandemic level

The complete details of the amended Strategy Map and the 2022 Performance Scorecard are contained in the Memorandum of the Department Manager III, Corporate Policy and Planning Department, and Junior Technical Assistant and Concurrent Acting Head, Budget Department, dated 17 September 2021, which is an integral part of the Resolution.

2022 SSS Plans and Programs

On 29 September 2021, the SSC, under Resolution No. 485-A, approved the 2022 Plans and Programs of the SSS under the strategic objective of (a) improving the fund viability of SS Funds; (b) improving service delivery; and (c) establishing accountability and improving corporate culture as follows:

Improve Fund Viability of SS Funds:

- Increase contributions, collections and coverage
- Customer engagement on various products and services
- Improve investment income

Improve Service Delivery:

- Design and implement new benefit programs
- Implement end-to-end digital application process
- Enhance electronic payment and service delivery channels

Establish Accountability and Improve Corporate Culture:

- Strengthen the workforce and infrastructure
- Adopt best practices

2022 Performance Scorecard

On 29 September 2021, the SSC, under Resolution No. 485, approved the 2022 SSS Performance Scorecard, viz:

II. 2022 Performance Scorecard

The performance scorecard is one of the management tools for internal and external mechanisms. Internally, the Management motivates its people to execute plans and monitor results to achieve the various objectives indicated in the strategy map. Externally, the System is able to articulate the strategies and communicate the details to the stakeholders under its participatory governance mechanism.

Further, the performance scorecard is in compliance with the GCG's requirement for the Performance Evaluation System (PES) as stated in GCG's M.C. No. 2017-02 entitled Interim PES for GOCCs.

The complete details of the amended Strategy Map and the 2022 Performance Scorecard are contained in the Memorandum of the Department Manager III, Corporate Policy and Planning Department, and Junior Technical Assistant and Concurrent Acting Head, Budget Department, dated 17 September 2021, which is an integral part of the Resolution.

On 12 January 2022, the SSC, under Resolution No. 8, approved the 2022 Performance Scorecard revisions based on the recommendations of the Governance Commission for GOCCs (GCG), viz:

A. Additional Measures

GCG's Recommended Measures and Targets Across GOCCs:

Measure	2022 Target	Formula		
Budget Utilization Rate (BUR)	At least 90% based on total DBM approved budget/target for the following: <ul style="list-style-type: none"> Personnel services MOOE Benefit payments Capital outlay 	Actual/DBM Approved Budget		
			Approved Budget	Actual
		PS	xx	xx
		MOOE	xx	xx
		BP	xx	xx
		CO	xx	xx
		Total	xx	xx
				= > 90%
Collection Efficiency Rate (CER)	89.35%	New Loans: Collection / Collectible Collection (Beginning Balance + Releases - Ending Balance) / Collectibles (Beginning Balance + Releases - Current Receivables)		

B. Recalibration of the Strategic Measures Percentage Weights

Strategic Measure		% Weight	
		From	To
1	Per Capita Fund	5%	6%
2	Amount of AMSC	5%	6%
3	Average Pension / Average Wage	5%	6%
4	Percentage of Economically Active Population Contributing to SSS	5%	4%
5	Contribution Collection	15%	10%
6	Return on Investments	10%	10%
7	New Benefit Program	10%	10%
8	Processing Time of Benefit Applications	10%	10%
9	Customer Satisfaction Rating	5%	5%
10	Competency Level of Organization	5%	5%
11	PGS Conferment	5%	-
12	% Accomplishment of IT Systems based on ISSP	5%	5%
13	Level of Awareness	5%	5%
14	Resolution Rate of Inter-agency referral cases	5%	5%
15	ISO Certification	5%	5%
16	Collection Efficiency Rate	-	3%
17	Budget Utilization Rate	-	5%
Total		100%	100%

2021 Accomplishment Report and PES

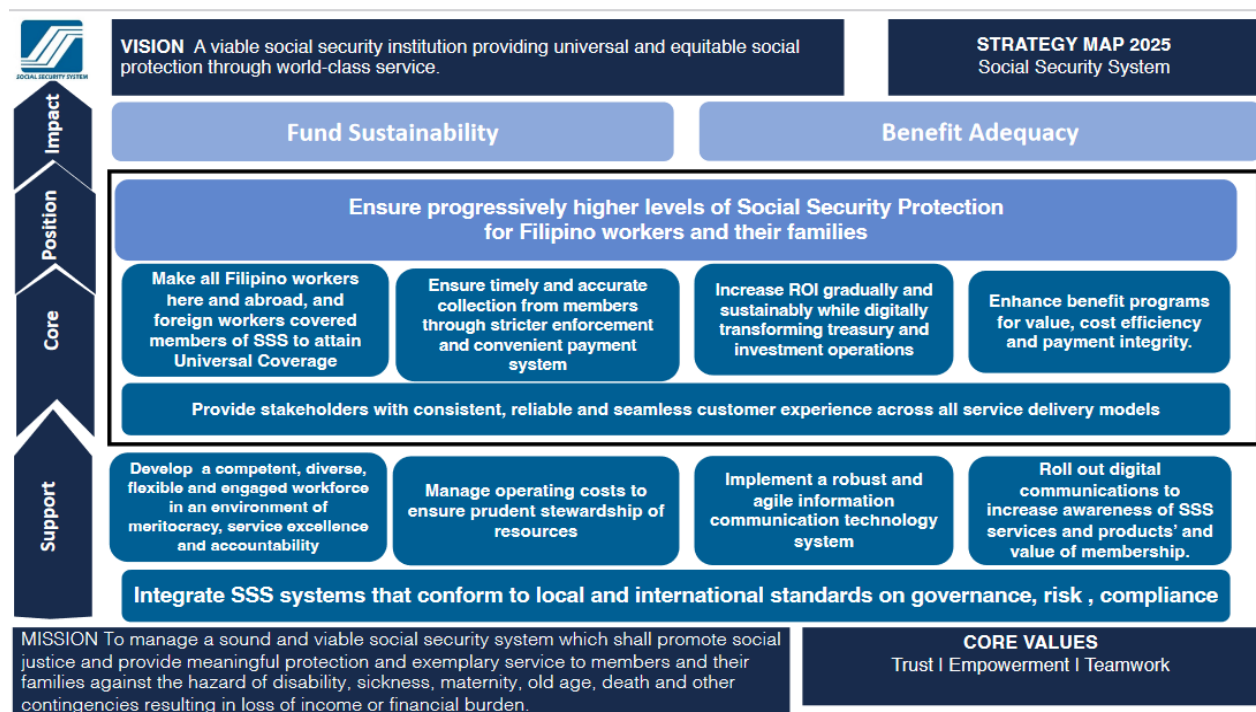
On 20 April 2022, the SSC, under Resolution No. 262, approved the 2021 Accomplishments Report - Implementation of Social Security Act of 2018, which is for submission to the Office of the President of the Philippines and Congress as required under Section 4(b) (1) of R.A. No. 11199 and as contained in the Memorandum of the Department Manager III, Corporate Policy and Planning Department, dated 13 April 2022, coursed through the Vice President, Management Services and Planning Division, and the President and CEO, with certification of compliance with policies, procedures and requirements and pertinent government rules and regulations.

On 20 July 2022, the SSC, under Resolution No. 476, approved the recommendations pertaining the 2021 Performance Evaluation System Form 3, viz:

1. Submission to the Governance Commission for GOCCs of the SSS 2021 Performance Evaluation System Form 3 and corresponding proof of accomplishments with a total rating of 94.81%; and
2. Recalibration of the 96.89% rating of the Competency Level of the Organization.

2023 – 2025 Strategy Map

On 24 November 2022, the SSC, under Resolution No. 724, approved the SSS 2023 – 2025 Strategy Map, viz:



The salient information, viz:

- a. Retention of the various strategic objectives under the impact and position perspectives.
- b. Transfer of the member-servicing objective of “Provide stakeholders with consistent, reliable and seamless customer experience across all service delivery models” from support to core perspective.
- c. Additional two (2) new objectives under the support perspective:
 1. Manage operating costs to ensure prudent stewardship of resources; and
 2. Integrate SSS systems that conform to local and international standards on governance, risk, and compliance.
- d. All other support perspective's objectives take into consideration the integration of digitalization efforts in all the SSS business models.

The 2023–2025 Strategy Map is aligned with the SSS vision, mission and strategic objectives and relevant programs of the national government such as Ambisyon 2040, 8-point socio-economic agenda, and the Philippine Development Plan.

2023 Plans and Programs

On 23 December 2022, the SSC, under Resolution No. 788, approved the Plans and Programs of the SSS, viz:

The plans and programs are anchored on the Institution's three (3) corporate objectives:

1. Improve fund viability;
2. Improve service delivery; and
3. Establish accountability and improve corporate culture.

The attainment of the above involves the integration of the transformative digitalization thrust which started in 2019 in all the business models of SSS.

Further, the plans and programs are contributory to the achievement of the Philippine Development Plan's near-term goal of enhancing social protection and human capital development.

2023 Performance Scorecard

On 24 November 2022, the SSC, under Resolution No. 724, approved the 2023 Performance Scorecard, viz:

The proposed 2023 Performance Scorecard supports the current administration's priorities relative to social protection.

The complete details of the 2023 Performance Scorecard are contained in the Memorandum of the Department Manager III, Corporate Policy and Planning Department, dated 09 November 2022, and forming an integral part of this Resolution.

The 2023 Performance Scorecard consists of 16 measures with weights ranging from 5% to 15%.

RISK MANAGEMENT IN THE SOCIAL SECURITY SYSTEM

It is the policy of the Social Security System (SSS) to preserve the assets of the System and protect the well-being of its employees, members and stakeholders so that it can fulfill its mandate to 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.

SSS risks can be divided into four (4) principal risk categories:

1. **Financial Risks** — unexpected changes in external markets, prices, rates and liquidity supply and demand.
2. **Insurance and Demographic Risks** — risk of loss arising from variation in pension fund, claim experience and exposure to adverse persistency, and uncertainty in demographic assumptions when the benefits were designed and valued.
3. **Strategic Risks** — risk arising from unanticipated changes in key elements of strategy formulation and/or execution leading to actual strategic outcomes that adversely defer from expectations.
4. **Operational Risks** — exposure to potential loss, whether direct or indirect, due to ineffective and inefficient internal processes, human resource failures, system failure or external events.

In 2016, the Social Security Commission (SSC) approved the implementation of Enterprise Risk Management (ERM) in the SSS. ERM is a holistic approach to risk management, i.e. integrated and coordinated across the organization as a whole. It is a continuous, proactive and integrated process used to identify, assess and manage risks across all areas and at all levels of the organization. This ensures the alignment of strategic planning and risk management.

The adoption of ERM signifies that SSS recognizes that risks are dynamic, fluid and highly interdependent and cannot be segmented and managed by entirely independent units, and not based on the traditional silo framework. In a silo framework, companies manage risks by treating and addressing each type of risk separately by different individuals or unit, i.e., no one takes responsibility of overall risk reporting, or every risk related unit supplies inconsistent and sometimes contradictory reports.

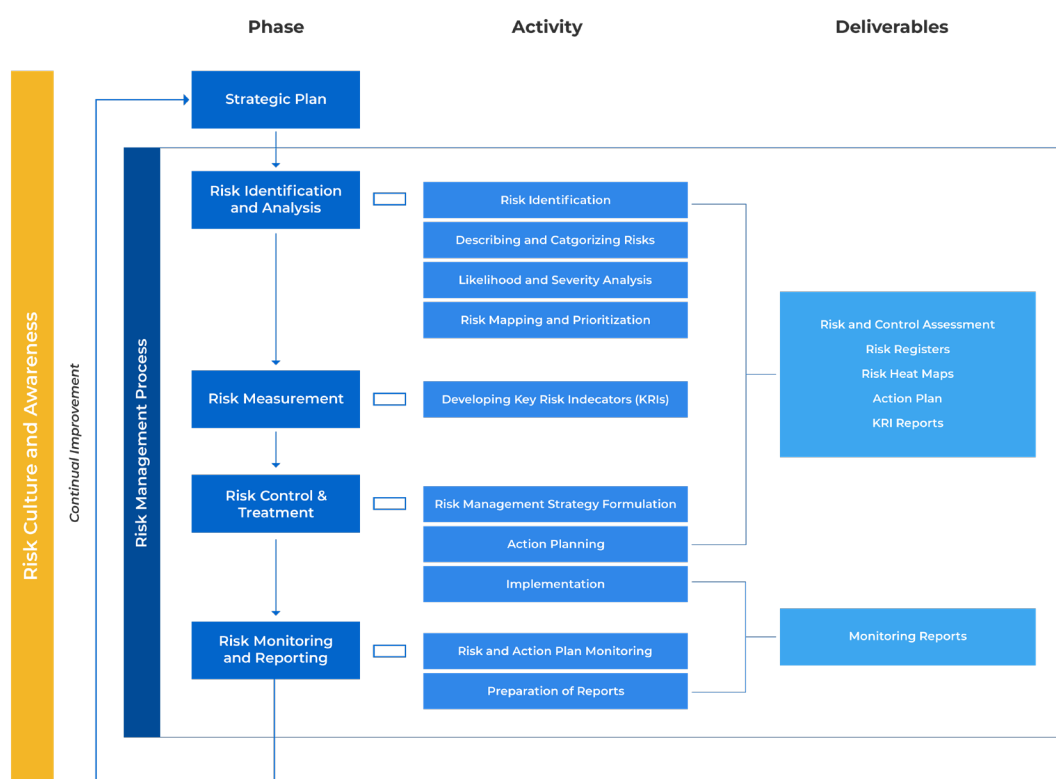
The SSS ERM focuses on the following key components:

1. **Corporate Governance** - to ensure that the SSC and the Management have established the appropriate organizational process and corporate controls to measure and manage risk across organization.
2. **Line Management** - integrate risk management into the investment as well as operational activities of the organization.
3. **Portfolio Management** - aggregate risk exposures, incorporate diversification effects, and monitor risk concentrations against established risk limits.
4. **Risk Transfer** - to mitigate risk exposures that are deemed too high, or are more cost-effective to transfer out to a third party than to hold in the organization's risk portfolio.
5. **Risk Analytics** - to provide risk measurement, analysis and reporting tools to quantify the organization's risk exposures as well as track external drivers.
6. **Data and Technology Resources** - to support the analytics and reporting processes.
7. **Stakeholder Management** - to communicate and report the organization's risk information to key stakeholders.

The SSS ERM Policy adheres to the best practices in the industry in identification, analysis, estimation, and evaluation of risks to ensure that these are managed, eliminated, transferred or contained at all levels within the organization. This is achieved by ensuring that at all times:

- Risks are properly assessed, reported, treated and monitored;
- Risk ownership is taken and communicated;
- Resources are effectively and efficiently allocated to manage risks;
- Risks that could significantly affect SSS' stakeholders are appropriately managed; and
- The SSS is compliant with regulatory and legal requirements.

The implementation of the SSS ERM Policy requires the establishment of a risk management process to provide a systematic method of addressing risks. The SSS ERM Framework is carried out in five (5) phases — (1) Strategic Plan, (2) Risk Identification and Analysis, (3) Risk Measurement, (4) Risk Control and Treatment and (5) Risk Monitoring and Reporting — that run in a continuous cycle to improve the risk management system by incorporating the lessons learned and feedback of stakeholders.



The SSC constituted a Risk Management and Investment Committee (RMIC) responsible for the adoption and oversight of the risk management program of the SSS in accordance with the guidelines prescribed by Governance Commission for GOCCs (GCG).

Risk Management Division (RMD) was established under the Actuarial and Risk Management Group (ARMG), which is primarily responsible for ensuring that a systematic approach is in place in delegating, coordinating and clarifying important risk management roles and duties across the entire organization. RMD also oversees the activities of identifying, measuring, monitoring, mitigating and reporting of risks affecting SSS.

The SSC and the Management are active in the evaluation, scrutiny and approval process on all investments and other activities undertaken by SSS. The SSC has also adopted adequate policies and procedures to ensure compliance with the statutory limits, requirements and provisions under Republic Act 11199 or Social Security Act of 2018.

Since 2014, developments in SSS on risk management include: establishment of risk dashboard, standardization of methods and metrics for risk monitoring, development and enhancement of risk and control self-assessment (RCSA), implementation of risk loss event and incident reporting (RLEIR) and conduct of seminars/workshops to strengthen the risk management culture in SSS.

REVIEW OF THE RISK MANAGEMENT SYSTEMS

Under SSC Resolution No. 71 dated 15 February 2023, the Social Security Commission (SSC), after reviewing the memorandum of the Actuarial and Risk Management Group dated 20 January 2023, which was vetted by the SSC Risk Management and Investments Committee, approved the Report on the Risk Management in the Social Security System (SSS) and Risk Oversight in SSS, which states that:

“Under the SSS Enterprise Risk Management Framework [which is carried out in five phases — (1) Strategic Plan, (2) Risk Identification and Analysis, (3) Risk Measurement, (4) Risk Control and Treatment and (5) Risk Monitoring and Reporting — that run in a continuous cycle to improve the risk management system by incorporating the lessons learned and feedback of stakeholders], the SSS has established an adequate and effective risk management system with the continuing aim to make itself a highly resilient organization.”

The risk management tools, policies, and procedures currently utilized by SSS to manage the four (4) principal risk categories, are discussed below:

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

The Social Security Commission (SSC) and Management are active in the evaluation, scrutiny and credit approval process on all investments being undertaken by the SSS. The SSC has adopted adequate policies on investment procedures, risk assessment and measurement and risk monitoring by strict observance on the statutory limit provided under the SS Law and compliance to the investment guidelines. Internal controls are also in place and comprehensive audit is being done by Internal Audit Services.

a. *Market Risk*

SSS strictly adheres to the provisions of Section 26 of the SS Law which states that the funds invested in equities, corporate notes/bonds, loans, mutual funds and other financial instruments shall earn an annual income not less than the average rates of treasury bills or any acceptable market yield indicator. SSS developed risk management tools, such as value-at-risk (VaR), market-to-acquisition ratio (MAR), and stop-loss policy among others, to monitor and mitigate market risks.

b. *Credit Risk*

SSS implements structures and standardized evaluation guidelines, credit ratings and approval processes. Investments undergo technical evaluation to determine their viability/ acceptability. Due diligence process (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 are used to determine if counterparties are creditworthy.

To avoid significant concentrations of exposures to specific industries or group of issuers and borrowers, SSS investments are regularly monitored against prescribed cumulative ceilings specified in Section 26 of SS Law.

To further ensure compliance with Section 26 of SS Law, Policies and Guidelines in Determining and Managing Exposure Limits to Debt and Equity were established. The investment limits for Conglomerate/Group, Individual Corporation, Individual Corporation's Debt and Individual Corporation's Equity are determined based on two principles: IRF forecast-based principle and risk-based principle.

SSS also adopts mitigating measures to manage risks with respect to transactions with stockbrokers. This includes setting qualification standards prior to accreditation as SSS stockbrokers and establishing allocation and transaction limits per stockbroker.

c. *Liquidity Risk*

SSS manages liquidity risks 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 ensure that investments in Marketable Securities shall be compliant to the basic principles of safety, liquidity and yield and shall benefit as many members of the System, SSS only invests in shares of stock and equity related-issues that satisfy its stock accreditation guidelines.

Also, a Risk Dashboard was developed to provide the Management with bird's-eye view of the financial risks that SSS is facing. This dashboard helps the Management in identifying the issues that may arise from the cumulative impact of risks over time. It consists of risk reports like VaR, MAR Heat Maps, Ageing Reports, and Limit Monitoring, which are presented in tabular and graphical form. RMD also conducts validation, backtesting and stress testing on risk models used by the Investments Sector to ensure effectiveness and reliability of models.

2. **Insurance and Demographic Risks** - Insurance and demographic risks are the risks 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.

SSS manages these risks through regular conduct of actuarial valuation/studies and monitoring of experience. Policies are also in place to address these risks. For example, to control the practice of anti-selection by abruptly increasing monthly salary credit near retirement to increase expected pension, SSS only allows self-employed members and voluntary members, aged 55 years old and above, to increase their monthly salary credit (MSC) brackets to only once in a given year but only one salary bracket from the last posted MSC.

3. **Strategic Risks** - Strategic risk arises from unanticipated changes in key elements of strategy formulation and/or execution leading to actual strategic outcomes that adversely differ from expectations. This risk also refers to governance risk, political risk, strategic relationship risk, external relations risk, legislative or regulatory risk and economic risk.

SSS manages these risks by creating harmonious relationship with various stakeholders, monitoring new and pending bills, and conducting regular economic researches/ studies to craft appropriate policies beneficial to the System and its members. Also, SSS implemented the No Gift Policy, No Noon Break Policy, Anti-Fixer Campaign and No Smoking Campaign which may enhance its image as a government institution.

Further, SSS has Directors' and Officers' Liability Insurance for it provides Commissioners and Executives an indemnity coverage that provides SSS, SSC and its Management the means to pursue their fiduciary duties and obligations to always act in the best interest of the System, with utmost good faith in all their dealings with the property and monies of SSS.

- 4. Operational Risks** - Operational risk refers to potential loss, whether direct or indirect, resulting from a range of operational weaknesses arising from inefficient or ineffective processes, human resource failure, system failures or external events.

SSS monitors these risks by conducting regular Risk and Control Self-Assessment (RCSA) throughout the System. RCSA provides insights on risks of each SSS unit, both existing or emerging. Identified risks through RCSA are consolidated and reported by the Risk Management Division to Management and SSC. Through RCSA, SSS units become more aware on the risks present in their day-to-day operations. As such, they are able to identify gaps and ineffective controls and come up with sensible action plans to minimize possible loss and damage. The Incident Report Form enables all employees to report the occurrence of loss events and other incidents that affect the operations of SSS to responsible units for appropriate action. This also allows the collection of internal risk-event data, which can offer valuable insights to support identification, assessment, measurement and treatment of risks.

Below are some of the risk management tools used to address operational risks:

- a. **Privacy Impact Assessment** — SSS conducts Privacy Impact Assessment (PIA) to evaluate privacy impacts in all

processing systems — existing, new and enhancements. The PIA takes into account the nature of personal data to be protected, threshold analysis, personal data flow, stakeholder engagement and risks to privacy and security in each processing system.

- b. **Personal Equity Investment Policy** — SSS promotes high standards of integrity and professional excellence among its officers and employees in the investment of the Reserve Funds as provided under its Charter through regular monitoring and regulating the official and personal transactions and activities related to equity investments of concerned SSS officers and employees and the establishment of a disclosure mechanism for their personal equity investments.
- c. **Business Continuity Management Program** — SSS established a Disaster Control Group responsible in ensuring the compliance to Section 14 of RA 10121, Philippine Disaster Risk Reduction and Management Act of 2010.

SSS also established Risk Loss Event and Incident Reporting that provides a mechanism for SSS units and employees to report risk loss events or incidents to their next higher organizational units and other concerned units for appropriate and timely resolution of issues. It is also a risk management tool for collection, analysis, and reporting of internal risk-event data. Accordingly, it will offer valuable insights to support identification, assessment, and measurement of risks, help fully understand the root cause of the risk-event, and aid in the determination of the most appropriate risk treatment.

SSS INTERNAL CONTROL PROCEDURES

The Internal Control System (ICS) of SSS consists of control features built into and made part of the organization's processes to ensure that objectives are attained. It has five interrelated components, to wit:

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring and evaluation

The assessment of Internal Control System, undertaken by the Internal Audit Services Group, aims to ascertain whether internal controls are well designed, such that all ICS components are present and functioning, and properly implemented, in that they are working and implemented as designed.

Objectives of Internal Control

- **Compliance to laws and regulations** – help to ensure compliance with laws and regulations affecting the operations.
- **Adherence to managerial policies** - provide a mechanism for management to monitor the achievement of operational goals and objectives.
- **Reliability and accuracy of accounting data** – ensure that management has accurate, timely and complete information, including accounting records, in order to plan, monitor and report business operations
- **Efficient, effective, economical and ethical operations** – provide an environment where managers and staff can maximize the efficiency and effectiveness of their operations.
- **Safeguard assets** – well-designed internal controls protect assets from accidental loss or loss from fraud.

Orientations on the SSS Guidelines on Internal Control System are carried out by the SSS Learning and Development Department.

ADEQUACY OF INTERNAL CONTROL PROCEDURES

Under Resolution No. 57 dated 01 February 2023, the Social Security Commission (SSC) approved the Assessment Report of the SSS Internal Control System (ICS) for 2022, and the accompanying recommendations done by the Internal Audit Service Group (IASG) and vetted by the SSC Audit Committee. The ICS Assessment Report, which states that the ICS is adequate, includes the following details:

A. ASSESSMENT BY CONTROL COMPONENT:

Control Component	Total Control Statements/ Attributes		Properly Implemented Controls		Controls with Gaps and Deficiencies	
	No.	%	No.	%	No.	%
Control Environment	533	19	463	87	70	13
Risk Assessment	46	2	23	50	23	50
Control Activities	1,620	58	1,410	87	210	13
Information and Communication	394	14	383	97	11	3
Monitoring and Evaluation	191	7	111	58	80	42
Total	2,784	100	2,390	86	394	14

- Overall, the Internal Control System is adequate with the five interrelated control components, namely: control environment, risk assessment, control activities, information and communication, and monitoring and evaluation are existing and functioning.
 - The components are working to establish the foundation for sound internal control within the organization to address and mitigate the significant risks.
 - Controls on areas with gaps and deficiencies must be strengthened to provide reasonable assurance that policies, systems, procedures and other aspects of SSS operations, when taken together, facilitate its effectiveness and efficient operation.
- Institutionalize risk assessment:
 - Implement complete risk assessment process
 - Prepare complete Risk Register and develop Risk Control Matrix
 - Expedite implementation of plans and programs on the roadmap for Governance, Risk and Compliance
 - Identify root causes of incorrect or non-application of controls and implement action plans to address them.
 - Monitoring in various degrees and circumstances to ensure that controls are continuously applied at all levels across the agency. There should be a system in place to accomplish the following required monitoring.

B. RECOMMENDATIONS:

- Full implementation of the National Guidelines on Internal Control Systems (NGICS).
- Periodic submission of reports on the status of implementation of action plans by the Management Compliance Officer to the SSC Audit Committee/ Management.

SSS WHISTLEBLOWING POLICY

The SSC, in its Resolution No. 193-s.2017 dated March 15, 2017 has approved the SSS Whistleblowing Policy which provides a formal mechanism that encourages and empowers all persons, whether SSS employees or not, to report and provide information that would involve actions or omissions of officials, including the members of the SSC, and employees of the SSS, that are illegal, unethical, violative of good governance principles, against public policy and morals, promote unsound and unhealthy business practices, or are grossly disadvantageous to the SSS.

SCOPE AND COVERAGE

Whistleblowers may report information or allegations of suspected acts such as, but not limited to:

- Abuse of Authority
- Bribery
- Conflict of Interest
- Destruction/Manipulation of Records
- Fixing
- Inefficiency
- Making False Written Statements
- Malversation
- Misappropriation of SSS Assets
- Misconduct
- Money Laundering
- Negligence of Duty
- Nepotism
- Plunder
- Receiving a Commission in SSS Official Transactions
- Solicitation of Gifts

- q. Taking Advantage of Corporate Opportunities
- r. Violation of Procurement Laws

Whistleblowers may also report other acts or omissions that involve any violation of the following laws, rules and regulations:

- a. Code of Ethical Standards for Social Security System Officials and Employees;
- b. SSS Circulars, Orders and applicable laws and regulations;
- c. Republic Act (R.A.) No. 6713, "Code of Conduct and Ethical Standards for Public Officials and Employees";
- d. R.A. No. 3019, "Anti-Graft and Corrupt Practices Act";
- e. R.A. No. 7080, as amended, "The Plunder Law";
- f. Book II, Title VII, Crimes Committed By Public Officers, The Revised Penal Code;
- g. Executive Order (E.O.) No. 292, "Administrative Code of 1987";
- h. R.A. No. 10149, the "GOCC Governance Act of 2011";
- i. GCG Memorandum Circular (M.C.) No. 2012-05, "Fit and Proper Rule";
- j. GCG M.C. No. 2012-06, "Ownership and Operations Manual Governing the GOCC Sector";
- k. GCG M.C. No. 2012-07, "Code of Corporate Governance for GOCCs";
- l. R.A. No. 8282, "Social Security Act of 1997"; and
- m. Other GCG Circulars and Orders, and applicable laws and regulations.

FORM OF REPORT AND REPORTING CHANNELS

A Whistleblowing Report (WR) may be in any form, whether verbal or written. An anonymous WR or one which does not disclose the identity of the complainant will be acted upon only if it merits appropriate consideration or contains sufficient leads or particulars to enable the taking of further action.

WRs may be made or submitted through the following reporting channels:

- a. Face-to-Face Meeting: with the Compliance Officer if the person subject of the report is below the rank of President; with the SSC Chairperson if the person subject of the report is the Compliance Officer; and with the Governance Commission for Government Owned or Controlled Corporations (GCG), if the person subject of the report is any member of the SSC
- b. E-Mail
whistleblowing@sss.gov.ph
To the Compliance Officer, or the SSC Chair 12 Floor SSS Bldg., Ayala Ave. corner Rufino St., Makati City
- c. Mail
or
To the Governance Commission for GOCCs 3F, Citibank Center, 8741 Paseo de Roxas, Makati City 1226
- d. Web
www.sss.gov.ph
www.whistleblowing.gcg.gov.ph
- e. SMS
(to be assigned)
- f. Viber
(to be assigned)
- g. Telephone
(to be assigned)
- h. Fax
(to be assigned)

CONFIDENTIALITY

SSS shall ensure the confidentiality of all information arising from WR. All WRs, including the identity of the whistleblower and the person/s complained of, shall be handled in a confidential manner, unless disclosure is compelled by law or the Courts or the whistleblower consents to reveal his/her identity.

PROTECTION FROM RETALIATION

SSS shall not tolerate retaliatory acts against SSS employee-whistleblowers and witnesses who submitted WRs or testify thereon in good faith. All possible assistance under applicable laws and rules given the circumstances shall be extended to them. Such retaliatory acts may include:

- a. Discrimination or harassment in the workplace
- b. Demotion in rank, status or salary
- c. Reduction in salary or benefits
- d. Termination of contract
- e. Evident bias in performance evaluation
- f. Any acts of threats that adversely affect the rights and interests of the whistleblower

MALICIOUS ALLEGATIONS

In case where after investigation, it was determined that the whistleblower and/or witness has made baseless, untruthful, fabricated, malicious or vexatious allegations, and/or persists in making them, SSS will extend assistance to the official/employee subject of the WRs, should he/she decide to initiate a disciplinary or legal action against the whistleblower.

PROCEDURE

A. Handling Whistleblowing Reports

The whistleblower may file a WR with the Compliance Officer, regardless of the rank of the person complained of. But in case a WR is against the Compliance Officer himself/herself, the same shall be submitted/filed directly with the Chairperson of the SSC.

If the WR is against any member of the SSC, the same should be filed with the GCG.

WRs may also be reported and filed directly with the GCG as provided under GCG M.C. No. 2016-02 through their website: www.whistleblowing.gcg.gov.ph.

A proper WR shall include the following requirements:

- Full name and position of the person complained of
- Specification of charge/s
- Statement of the relevant and material facts, including the approximate time and place of commission of act being reported
- All supporting evidence including affidavits of witnesses, if any.
- Contact details of the whistleblower (email address, mobile number, etc.)
- Certificate of non-forum shopping. The Certificate of non-forum shopping should be dispensed for an anonymous whistleblower

A whistleblower shall have the option to disclose or withhold his/her identity. However, to aid further investigation, he/she can be contacted without compromising anonymity (e.g., email address, telephone, or mobile number).

If the WR is made through a face-to-face meeting, a phone call, or any of the mobile messaging schemes, a written report thereon shall be made by the Compliance Officer within three (3) working days from receipt of such non-written report. If the same is against the Compliance Officer, the Chairperson may designate any of his/her staff to make such written report.

B. Evaluation of the WR

All WRs shall be personally evaluated by the Compliance Officer or the Chairperson, as may be applicable, within fifteen (15) calendar days from receipt thereof, to determine whether it falls within the scope of this Policy and if in the affirmative, determine likewise if the same is sufficient in substance.

The Compliance Officer may conduct his/her own investigation for a proper evaluation of the WR. He/She may gather relevant evidence by:

- a. calling the person/s complaint of and/or witnesses to appear for a discussion;
- b. requiring the complainant, if identified, to a discussion and/or submit added information relevant to the WR;
- c. requiring the person/s complained of to submit a comment;
- d. directing the proper office/department to submit papers or documents relevant to the matter subject of the WR;
- e. conducting the inspection at the workplace of the person/s complained of; and
- f. conducting such other acts in aid of the proper evaluation of the WR.

The fifteen (15) day period is correspondingly extended for such time that the papers or documents required from the office/department are not submitted.

Upon determination that the reports do not fall within the ambit of a WR under this Policy or found to be vague, ambiguous, patently or without merit, the Compliance Officer or the Chairperson, as may be applicable shall recommend to the SSC that the same shall be considered closed and terminated and the complainant, if identified, shall be informed accordingly.

Should the Compliance Officer or the Chairperson, as may be applicable, determine that the WR falls within the Policy, he/she shall pursue the following alternative courses of action:

- a. Recommend to the SSC for the indorsement of the WR to the proper government agency, such as the Office of the Ombudsman and the Civil Service Commission.
- b. Submit a report to the SSC recommending the creation of a Fact-Finding Committee or Investigating Committee that will investigate and deliberate the case.

The composition of the Fact-Finding Committee or Investigating Committee as may be formed by the SSC, depends upon who is the subject of the whistleblowing complaint/report.

If the WR is determined to be sufficient in substance, a Formal Charge shall be issued by the disciplining authority, as recommended by the Investigating Committee. But if the person complained of falls within the disciplining authority of the President and CEO (PCEO), the Formal Charge shall be issued by the PCEO. In both cases, the Formal Charge shall direct the respondent to file his/her answer to the Formal Charge. Thereafter a formal investigation shall ensue. It shall be terminated within thirty (30) days from date of issuance of the formal charge. In case of a whistleblower who wish to remain anonymous, the Investigating Committee shall devise appropriate means to safeguard him/her without violating the right of the respondent to face his/her accuser.

It is understood that the proper disciplining authority refers to the PCEO for officials and employees below the rank of Vice President and the SSC for those occupying the positions of Vice President and above.

C. Investigation, Recommendation and Conclusion

1. The Investigating Committee, sitting as a panel, shall conduct an investigation pursuant to the Revised Rules on Administrative Cases in the Civil Service (RRACCS). In case of a whistleblower who wishes to remain anonymous, care and caution must be exercised to respect the option of the whistleblower to secure his/her identity.
2. The result of the investigation and the recommendation of the Investigating Committee shall be submitted to the disciplining authority for approval, within fifteen (15) days after the formal investigation has been terminated. The disciplining authority shall render a decision within thirty (30) days from receipt thereof. The whistleblower, if identified, and the respondent shall be informed in writing of the actions on the WR.
3. If the whistleblower decides to withdraw the WR or desist, the investigation shall continue if the evidence on hand is sufficient to warrant the continuation of the proceedings.
4. In the event that the employee under investigation resigns from the service pending the completion of the investigation or the final resolution of the case, benefits due, if any, shall be withheld pending final resolution of the case.

D. Handling Anonymous Complaints

An anonymous WR or one which does not disclose the identity of the complainant shall be made in written form and will be acted upon only if it merits appropriate consideration, or contains sufficient leads and pieces of evidence to enable the taking of further action.

In cases of complaints reported verbally, the Compliance Officer/duly designated staff of the Chairperson shall log the complaint. The whistleblower who opts to keep his/her identity anonymous shall be required to submit sufficient evidence. The complainant has the option to disclose or withhold identity and/or sources of information. However, the WR shall clearly identify the person complained of by his/her full name and position. To aid further investigation, he/she should provide means by which he/she can be contacted without compromising anonymity (e.g. email address, mobile number).

An anonymous WR shall be evaluated personally by the Compliance Officer or the Chairperson, as may be applicable, within fifteen (15) days from receipt thereof and shall follow the same requirements and procedure for a WR with an identified complainant.

E. Handling Complaints Against Retaliation (CAR)

1. Submission of Complaint against Retaliation

Any whistleblower and/or witness who believes that he/she has been retaliated upon for filing a WR or for participating or cooperating in an investigation under this Policy may file a written Complaint Against Retaliation (CAR) with the Compliance Officer/Chairperson within three (3) days from the occurrence of the alleged act or incident on retaliation.

2. The CAR should indicate the following details:

- Name, position, work address, contact number of complainant;
- Name and position of officials/employees alleged to have retaliated or involved in the retaliation against the complainant;
- Brief description and date of the WR to which the alleged retaliation relates;

- Brief description and details of the alleged retaliation (date/time, place and manner);
- Relevant evidence to prove the retaliation;
- Certificate of Non-forum shopping.

3. Preliminary Evaluation, Investigation and Reporting

The procedure for the preliminary evaluation, investigation and reporting of the WR as provided herein shall also be followed.

F. Motion for Reconsideration

A motion for reconsideration of the decision may be filed by the party adversely affected thereby within fifteen (15) days from receipt of a copy thereof. The Motion shall be based on any of the following:

- Newly-discovered evidence;
- The decision is not supported by evidence; or
- Errors of law or irregularities have been committed prejudicial to the interest of the movant;

In resolving the MR, the disciplining authority should require the comment of the other party and within thirty (30) days from receipt of said comment, resolve the same.

G. Appeal

The party adversely affected by the decision on the MR may file within fifteen (15) days from receipt of a copy thereof to the proper appellate bodies.

REPORT MONITORING

All WRs and CARs received shall be assigned a control number for monitoring purposes.

A monthly progress report shall be submitted by the Compliance Officer to the SSC of all pending WR and CAR cases, respectively, with the corresponding status and action/s taken thereon.

If the WR is against the Compliance Officer, the Chairperson may designate any of his/her staff to assign a separate control number and prepare a monthly progress report to be submitted to the SSC.

APPLICATION OF THE REVISED RULES ON ADMINISTRATIVE CASES IN THE CIVIL SERVICE (RRACCS)

In all matters not provided in this Policy, the RRACCS shall apply in suppletory character.

ANNUAL PERFORMANCE EVALUATION PROCESS OF THE SSC

On 13 January 2021, the SSC, under SSC Resolution No. 26, approved the Annual Performance Evaluation Process of the SSC in compliance with the requirements of GCG Memorandum Circular No. 2012-07, or the Code of Corporate Governance for GOCCs, viz:

I. Board Assessment Form

The members of the Commission will be given a Board Assessment Form which contains a list of statements which they will rate from a scale of "1 - strongly disagree" to "5 - strongly agree".

The contents of the Board Assessment Form:

Form C-1 Board Assessment Form		
Name:	Date Accomplished:	Period Evaluated:
_____	_____	_____
(Signature over printed name)		
Instructions:		
1. Please go over the statements carefully and check/mark each statement using the following rating scale:		
	1	Strongly disagree
	2	Disagree
	3	Neither agree nor disagree
	4	Agree
	5	Strongly agree
2. The objective of the evaluation is to assess the performance of the Commission as a functioning unit. We encourage the rater to be forthright and freely state the reasons for any ratings made in the Comments section.		
3. After the ratings have been given, please submit this form to the Commission Secretary enclosed in a sealed envelope.		

STATEMENTS	RATING					COMMENTS
	1	2	3	4	5	
1. The Commission operates under a set of policies and procedures which have been made known to all members.						
2. The Commission, as a collegiate body, is diverse and possesses the right mix of knowledge, skills, and experience.						
3. The Commission provides director development activities (e.g., trainings, seminars, etc.) to keep its members up to date with relevant national and global developments, and to equip them with adequate knowledge and skills to perform their responsibilities.						
4. The meetings of the Commission are timely scheduled and adequate in terms of frequency and duration.						
5. The meetings of the Commission have useful materials and an atmosphere that is conducive to a fair discussion of the items on the agenda.						
6. The members of the Commission participate actively during meetings, are supportive of each other and debate each other constructively in case of disagreement.						
7. The roles of the Commission and the Management are clearly distinguished. The Commission neither interferes with matters that are within the purview of Management nor abdicates its responsibilities to Management.						
8. The Commission gives policy directions and support to the Management.						
9. The Commission discusses sufficiently, with objectivity and independence, proposals from Management before granting approval.						
10. The Commission has effective monitoring tools and regularly monitors the overall performance of the Management as well as its implementation of corporate strategies and policies, business plans and operating budgets.						
11. The Commission provides the GOCC's VMG, strategy maps, values, and standards which it revisits from time to time to ensure continued relevance.						
12. The Commission monitors the performance, state, and prospects of the GOCC on a regular basis.						
13. Which good governance principles and practices should the Commission devote more time and resources and why? (Transparency, Accountability, Professionalism, Fiduciary duty, Meritocracy and personal and professional development for employees, Loyalty and avoidance of conflict of interest, CSR, Recognition of stakeholders, Health and safety, Environment and sustainability, Long-term viability, etc.) _____						
14. Other comments/observations to further improve the performance of the Commission:						

II. Annual Performance Evaluation Timeline:

31 January	The Commission Secretary distributes the Board Assessment Forms to the Members of the Social Security Commission.
15 February	The Members of the Social Security Commission return the fully-accomplished forms to the Commission Secretary.

The results of the performance evaluation will then be reported to the SSC by the Commission Secretary.

2022 PERFORMANCE EVALUATION OF THE SSC

The 2022 Performance Evaluation of the SSC was carried out in February 2023. The average ratings given to the evaluation statements by the members of the Commission in the 2022 Performance Evaluation are as follows:

Statements		Average Rating
1)	The Commission operates under a set of policies and procedures which have been made known to all members.	4.778
2)	The Commission, as a collegiate body, is diverse and possesses the right mix of knowledge, skills, and experience.	4.333
3)	The Commission provides director development activities (e.g., trainings and seminars, etc.) to keep its members up to date with relevant national and global developments, and to equip them with adequate knowledge and skills to perform their responsibilities.	4.111
4)	The meetings of the Commission are timely scheduled and adequate in terms of frequency and duration.	4.444
5)	The meetings of the Commission have useful materials and an atmosphere that is conducive to a fair discussion of the items on the agenda.	4.667
6)	The members of the Commission participate actively during meetings, are supportive of each other and debate each other constructively in case of disagreement.	4.444
7)	The roles of the Commission and the Management are clearly distinguished. The Commission neither interferes with matters that are within the purview of Management nor abdicates its responsibilities to Management.	4.667
8)	The Commission gives policy directions and support to the Management.	4.778
9)	The Commission discusses sufficiently, with objectivity and independence, proposals from Management before granting approval.	4.667
10)	The Commission has effective monitoring tools and regularly monitors the overall performance of the Management as well as its implementation of corporate strategies and policies, business plans and operating budgets.	4.667
11)	The Commission provides the GOCC's vision, mission and goals, strategy maps, values and standards which it revisits from time to time to ensure continued relevance.	4.778
12)	The Commission monitors the performance, state and prospects of the GOCC on a regular basis.	4.667

The SSC, under its Resolution No. 153 dated 29 March 2023, noted the results of the 2022 Performance Evaluation Report of the Commission.

BOARD OF DIRECTORS' MEETINGS SCHEDULED AT THE BEGINNING OF THE YEAR

Under its Resolution No. 639 dated 15 December 2021, the SSC approved the schedule of SSC meetings for 2022.

Of the 24 scheduled board meetings approved at the beginning of the year, the SSC met in 18 meetings as scheduled (or 75%). A special meeting was called in January 2022.

SSC TRAINING IN 2022

MICHAEL G. REGINO

- *ABCOMP's General Membership Meeting - BSP Awareness – Raising Session on Institutional Risk Assessment (IRA) and Results of the 2022 Thematic Review on Targeted Financial Sanctions (TFS)*
20 July 2022 • Association of Bank Compliance Officers, Inc.
- *Online Seminar on the Metaverse: "The Metaverse and How it will Transform Business and Human Interaction" by Mr. Matthew Ball and "Proof of Learn: A Philippine Perspective to the Metaverse" by Ms. Sheila Lirio Marcelo*
2022 Annual Corporate Governance Enhancement Session for Directors, Advisory Board Members and Officers
22 September 2022 • Philex Mining Corporation

DIANA V. PARDO-AGUILAR

- *SBC 2022 Annual Corporate Governance Training*
26 April 2022 • SGV
- *Online Seminar on the Metaverse: "The Metaverse and How it will Transform Business and Human Interaction" by Mr. Matthew Ball and "Proof of Learn: A Philippine Perspective to the Metaverse" by Ms. Sheila Lirio Marcelo*
2022 Annual Corporate Governance Enhancement Session for Directors, Advisory Board Members and Officers
22 September 2022 • PXP Energy

ANITA BUMPUS-QUITAIN

- *Online Seminar on the Metaverse: "The Metaverse and How it will Transform Business and Human Interaction" by Mr. Matthew Ball and "Proof of Learn: A Philippine Perspective to the Metaverse" by Ms. Sheila Lirio Marcelo*
2022 Annual Corporate Governance Enhancement Session for Directors, Advisory Board Members and Officers
22 September 2022 • Philex Mining Corporation
- *Corporate Governance Training*
21 October 2022 • SGV

RICARDO L. MOLDEZ

- *CY 2021 Corporate Governance Scorecard Exit Conference*
05 December 2022 • Governance Commission for GOCCs

MANUEL L. ARGEL, JR.

- *Online Seminar on the Metaverse: "The Metaverse and How it will Transform Business and Human Interaction" by Mr. Matthew Ball and "Proof of Learn: A Philippine Perspective to the Metaverse" by Ms. Sheila Lirio Marcelo*
2022 Annual Corporate Governance Enhancement Session for Directors, Advisory Board Members and Officers
22 September 2022 • Philippine Long Distance Telephone Company

BAI NORHATA MACATBAR ALONTO

- *"Social Protection for All Women and Girls: Sustainable Development for the World"*
6 to 21 May 2022 Avignon, France
36th International Council of Women - Conseil International des Femmes (ICW-CIF) General Assembly
- *UNDP Assessment of the Bangsamoro Regional Action on Women Peace and Security 2020-2022*
Panorama Summit Hotel, Davao City
15 to 18 August 2022
- *Online Seminar on the Metaverse: "The Metaverse and How it will Transform Business and Human Interaction" by Mr. Matthew Ball and "Proof of Learn: A Philippine Perspective to the Metaverse" by Ms. Sheila Lirio Marcelo*
2022 Annual Corporate Governance Enhancement Session for Directors, Advisory Board Members and Officers
22 September 2022 • Philex Mining Corporation
- *Philippine Muslim Women Council Impact of BOL on BM Women*
27 September 2022, Luxe Lim Kit kai Hotel, Cagayan de Oro City
- *Tunku Abdul Rahman University College (TAR UC) Campus Jalan Genting Kelang Setapak*
7 to 10 November 2022, Kuala Lumpur, Malaysia
- *Kusog Mindanaw 2022 Conference*
11 November 2022 • Davao City

JOSE C. JULIO

- *Corporate Governance Orientation Program for GOCCs*
31 May 2022 and 1 June 2022 • Institute of Corporate Directors

SVP SANTIAGO D.R. AGDEPPA

- *Personal Governance Scorecard*
17 May 2022 • Social Security System
- *Orientation Seminar on Basic Financial Literacy and Workers' Investment and Savings Program Plus*
18 August 2022 • Social Security System
- *Executive Briefing on Gender and Development*
17 November 2022 • Social Security System
- *CY 2021 Corporate Governance Scorecard Exit Conference*
05 December 2022 • Governance Commission for GOCCs

The Office of the Commission Secretary, Executive Commission Clerk and Compliance Officer coordinated with the Human Resource Services Division on the registration of SSC Members to various seminars/trainings as part of the ongoing and continuous professional education and training of the SSC Members and Commission officer/s (provided for under Section 27, 3rd par. [b], Manual of Corporate Governance for the Social Security System, approved under SSC Resolution No. 138 dated 24 February 2016).

In compliance with the requirement of the GCG on the attendance to the corporate governance seminars of appointive directors, the Office of the Commission Secretary, Executive Commission Clerk and Compliance Officer requested the registration of Commissioner Jose C. Julio to the Institute of Corporate Directors' Corporate Governance Orientation Program for GOCCs.

ORIENTATION PROGRAM FOR NEW MEMBERS

The Office of the Commission Secretary, Executive Commission Clerk and Compliance Officer manages the orientation program for new members of the Social Security Commission (SSC). It maintains a compilation of briefing materials, including powerpoint presentations, which are updated regularly, and coordinates with certain management units the conduct of briefings about SSS programs to newly appointed SSC Members in the event that there is a new appointee in the SSC.

With the appointment of Commissioner Jose C. Julio as new Member of the SSC in March 2022, the following briefings were conducted:

- | | |
|---------------|---|
| 17 March 2022 | - Briefing for New Members of the SSC facilitated by the Office of the Senior Vice President/ Commission Secretary, Executive Commission Clerk and Compliance Officer |
| 28 March 2022 | - Financial Briefing facilitated by the SSS General Accounting Department |
| 27 April 2022 | - Briefing on Investments and Information Technology facilitated by the SSS Investments Sector and SSS Information Technology Management Group, respectively. |

BOARD SEAT REPRESENTATION IN SSS INVESTEE CORPORATIONS IN 2022

Union Bank of the Philippines	<ul style="list-style-type: none"> Commissioner Michael G. Regino Commissioner Ricardo L. Moldez
Philex Mining Corporation	<ul style="list-style-type: none"> Commissioner Michael G. Regino Commissioner Anita Bumpus-Quitain Commissioner Bai Norhata Macatbar Alonto
First Philippine Holdings Corporation	<ul style="list-style-type: none"> Commissioner Anita Bumpus-Quitain
Ionics Corporation	<ul style="list-style-type: none"> Commissioner Ricardo L. Moldez
City Savings Bank	<ul style="list-style-type: none"> Commissioner Jose C. Julio
PLDT Corporation	<ul style="list-style-type: none"> Commissioner Manuel L. Argel, Jr.
PXP Energy Corporation (Philex Petroleum)	<ul style="list-style-type: none"> Commissioner Diana V. Pardo-Aguilar
Philamlife Tower Management Corporation	<ul style="list-style-type: none"> Commissioner Diana V. Pardo-Aguilar Commissioner Manuel L. Argel, Jr. Commissioner Bai Norhata Macatbar Alonto SVP Santiago D.R. Agdeppa
Philamlife Tower Condominium Corporation	<ul style="list-style-type: none"> SVP Santiago D.R. Agdeppa
Capital Consortium Corporation	<ul style="list-style-type: none"> SVP Pedro T. Baoy, Lending and Asset Management Group

SOCIAL SECURITY COMMISSION

BENJAMIN E. DIOKNO

Secretary, Department of Finance
Chairperson, Social Security Commission

Date of Birth: 31 March 1948
Place of Birth: Taal, Batangas
Age: 74
Sex: Male

- Dr. Diokno is the Secretary of the Department of Finance. Under his leadership, Sec. Diokno rallies the economic team to achieve three broad development goals by 2028: reduce the deficit-to-GDP ratio to pre-pandemic levels, bring down poverty incidence to single-digit, and achieve upper-middle-income economy status by the end of the Marcos administration.
- Prior to his appointment as finance chief, he served as Governor of the Bangko Sentral ng Pilipinas (BSP) from 2019 to 2022. The BSP was among the first to respond to the COVID-19 pandemic by deploying decisive monetary measures to cushion its adverse economic impact.
- He served as Budget Secretary under three Philippine presidents, during which he pursued expansionary fiscal policies to finance investments in human capital development and public infrastructure.

MICHAEL G. REGINO

President and CEO,
Social Security System
Vice Chairperson, SSC

Date of Birth: 14 August 1961
Place of Birth: Dipolog,
Zamboanga Del Norte
Age: 61
Sex: Male

- Michael G. Regino was appointed as the President and CEO (PCEO) of the SSS on 04 March 2022. Prior to his appointment as PCEO, he was a Member of the Social Security Commission.
- SSS Nominee-Director in the Boards of Union Bank of the Philippines and Philex Mining Corporation.
- Member of the SSC Information Technology and Collection Committee and Risk Management and Investments Committee.
- Has more than 30 years of corporate experience from various industries, including mining, real estate development, memorial parks development, property management, construction and housing materials manufacturing.
- Graduated Cum Laude from Ateneo de Zamboanga University in 1981, with a degree of Bachelor of Science major in Economics, then obtained his Master's in Business Administration in 1985 from Ateneo de Manila University.

BIENVENIDO E. LAGUESMA

Secretary, Department of Labor
and Employment
Ex-Officio Member, SSC

Date of Birth: 03 October 1950
Place of Birth: Manila
Age: 72
Sex: Male

- Currently head of the Department of Labor and Employment, Secretary Laguesma is committed to promoting the welfare and providing support interventions for Filipino workers.
- Sec. Laguesma has served the Labor Department in various capacities for over 45 years, having started as a mediator-arbiter at the Bureau of Labor Relations in 1976. He rose from the ranks until his appointment as Labor Secretary in 1998.
- He served as a member of the Social Security Commission from 2011 to 2016.
- Sec. Benny obtained a Bachelor's degree in Political Science from the Lyceum of the Philippines University in 1971. He then attended the Ateneo de Manila University where he graduated with a Law degree in 1975.
- He is a member of Session XIX of the Career Executive Development Program of the Development Academy of the Philippines in 1985.

DIANA V. PARDO-AGUILAR

Member, SSC

Date of Birth: 27 October 1963

Place of Birth: Manila

Age: 59

Sex: Female

- Diana V. Pardo-Aguilar was reappointed as SSC member on 28 November 2016.
- Chairperson of the SSC Risk Management and Investments Committee and Member of the Audit Committee.
- Vice-Chairperson of the SSS Provident Fund.
- SSS Nominee-Director in the boards of PXP Energy Corporation and Philamlife Tower Management Corporation.
- Director of Security Bank Corporation (April 2017 to present) and appointed as Chairperson of the Trust Committee, and member of Technology Execution Excellence Committee, Related Party Transactions Committee and Risk Oversight Committee. She is also the Chairperson of SB Capital Investment Corporation (August 2016 to present).
- Board of Trustees of La Salle Greenhills (September 2019 to present) and appointed as Treasurer and Chairperson of the Finance Committee (December 2019 to present).
- Member of De la Salle Philippines Investment Committee (July 2018 to present).
- Independent Director of the Medical Doctors, Inc. (Makati Medical Center) from July 2018 to present.
- Board Member of Capital Markets Development Board (2013 to present), of the Employers Confederation of the Philippines, and of the Philippine Chamber of Commerce and Industry.
- Consultant Advisor to the Board of Philippine Seven Corporation (January 2015 to present) and also an advisor to the Executive, Audit and Nomination and Governance Committees.
- ECOP Governor (January 2017 to present).
- Member of De La Salle - College of Saint Benilde, Inc., Executive Committee of the Board (July 2020 to present).
- Member of La Salle East Asia District Boards' LEAD Economic Council and Investment Board (August 2020 to present).
- Board of Trustees of De La Salle Medical and Health Sciences Institute (October 2020 to present).
- Director of Science Park of the Philippines, Inc. (June 2020 to present).
- She holds the degree of B.S. Computer Studies from De La Salle University, and a Master's in Business Administration degree, Major in International Business and Finance (with honors), from the Pepperdine University in California, USA.

BAI NORHATA MACATBAR ALONTO

Member, SSC

Date of Birth: 05 June 1950

Place of Birth: Masiu, Lanao del Sur

Age: 72

Sex: Female

- Bai Norhata Demarunsing Macatbar Alonto was appointed to the SSC on 03 December 2019.
- SSS Nominee-Director in the Boards of Philex Mining Corporation and Philam Tower Management Corporation.
- Member of the SSC Executive, Information Technology and Collection, and Risk Management and Investments Committees.
- Formally served as Executive Assistant V/Chief of Staff to the Chairman of Mindanao Development Authority (October 2017 to May 2019).
- Focal Person of Foreign-assisted development programs for the Bangsamoro in the Office of the Chairman, Mindanao Development Authority.
- Member of the Board of Directors in the Office of the President - ARMM Social Fund Board, (2003 to 2004); Member of the Board of Directors in the Office of the President - Bataan Shipyard and Engineering Corporation (2003 to 2004); and Commissioner of the Presidential Commission for Urban Poor, Office of the President (2001 to 2002).
- Presidential Assistant for Muslim Mindanao, Office of the President (1999 to 2001).
- Former Vice President and now Member of the 16th President Cabinet Spouses Foundation, and Regional Governor of the National Council of Women in the Philippines.
- Completed her AB Psychology degree at the Philippine Women's University and MA Psychology at the University of the Philippines.
- Earned units in Master's in Business Administration at the Asian Institute of Management.

ANITA BUMPUS-QUITAIN

Member, SSC

Date of Birth: 01 November 1946
Place of Birth: Sta. Cruz, Davao Del Sur
Age: 76
Sex: Female

- Anita Bumpus-Quitain was appointed to the SSC on 06 October 2016.
- SSS Nominee-Director in the Boards of Philex Mining Corporation and First Philippine Holdings.
- Chairperson of the SSC Audit Committee and Member of the SSC Information Technology and Collection Committee.
- In July 2009, she retired from SSS after 31 years of dedicated service, during which period she was officer-in-charge of operations of the SSS Representative Office in Digos City, Davao del Sur and held the position of Head in the various Sections of the SSS office in Region 9, Davao City, to wit: 1) Member Assistance, 2) Operations Accounting, 3) Sickness, Disability and Maternity, and 4) Real Estate.
- Worked with the Department of Education as an elementary school teacher for 10 years and also taught in the Philippine Women's College of Davao.
- A graduate of the University of Mindanao, Davao City, in Education.

MANUEL L. ARGEL, JR.

Member, SSC

Date of Birth: 23 July 1949
Place of Birth: Vigan City, Ilocos Sur
Age: 73
Sex: Male

- Judge Manuel L. Argel, Jr. was appointed SSC member on 04 September 2019, representing the Employers' Sector.
- SSS Nominee-Director in the Boards of Philippine Long Distance Telephone Co. and Philam Life Tower Management Corporation.
- Member of the SSC Audit Committee and SSC Risk Management and Investments Committee.
- Commissioner Argel is a retired Regional Trial Court Judge for Laoag City, Ilocos Norte, and member of the Judiciary for 20 years. Prior to this, he was a law practitioner for 20 years.
- Prior to his service in the Judiciary, he served the Legislative Department when he was elected in 1980 as a member of the Sangguniang Bayan of Vigan City. In 2008, he was given the Legislator's Award by the City Government of Vigan in recognition of his accomplishments and contributions as a former legislator of Vigan City.
- In 1995, while in private practice, he was accredited as a Voluntary Labor Arbitrator of the DOLE National Conciliation and Mediation Board.
- He served as President of the Integrated Bar of the Philippines (Ilocos Sur Chapter) from 1993 to 1995, Provincial Secretary of National Citizens' Movement for Free Elections, Chairman of the Ilocos Sur Local Amnesty Board, a member of the People's Assistance Development Action Center, Inc. He is a Charter Grand Knight and Lecturer-Member of the Knights of Columbus.
- As RTC Judge of Laoag City, Ilocos Norte from 1995, he also served as Executive Judge of RTC Laoag (2005 to 2007), and Presidential Assistant for Region I in the Philippine Judges Association.
- He is a distinguished alumnus of San Beda University where he obtained both his Bachelor of Arts in Philosophy in 1969 and Bachelor of Laws in 1974.

RICARDO L. MOLDEZ

Member, SSC

Date of Birth: 30 July 1947
Place of Birth: Brgy. Buli, Muntinlupa City
Age: 75
Sex: Male

- Ricardo Moldez joined the SSC on 26 September 2018 representing the Employees' Sector.
- Chairperson of the SSC Information Technology and Collection Committee and Member of the SSC Executive Committee and SSC Audit Committee.
- SSS Nominee-Director in the Boards of Ionics Corporation and Union Bank of the Philippines.
- A litigation lawyer with more than 40 years of experience, including the following: Appointed Board Member, Human Rights Victims' Claims Board (2017 to 2018); Special Counsel, Department of Justice (1974-1976); Municipal Attorney, Muntinlupa City (1974); and Court Interpreter, Municipal Court of Muntinlupa (1969-1971).
- He holds a Law degree from the Lyceum of the Philippines, Manila and was admitted to the Bar in 1972.

JOSE C. JULIO

Member, SSC

Date of Birth: 14 November 1959
Place of Birth: Tacloban City
Age: 63
Sex: Male

- Jose Chan Julio joined the SSC on 09 March 2022.
- Member of the SSC Audit Committee and SSC Information Technology and Collection Committee.
- SSS Nominee-Director in the Boards of City Savings Bank.
- He is a past President of the Rotary Club of Tacloban and has earned Presidential Award, Club Service Award, and Distinguished Leadership Award due to his accomplishments therein.
- He was also a Director of the Central Tacloban Filipino-Chinese Volunteer Fire Brigade, Inc. and of the Tzu Chi Foundation.
- He currently serves as the President of Hildevanne Food Corporation, the Vice President of the Allied Business Executive Foundation, Inc. and the Director of the Rising Sun Food Corporation.
- He was former Director of the Development Bank of the Philippines Data Center, Inc.
- He was former Member, Board of Trustee, of the APO Production Unit, Inc. (Presidential Communications Operations Office).
- Graduated from the Divine Word University, Tacloban City, with a degree in Management.



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Chairperson, Social Security
Commission (SSC)



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Vice Chairperson, SSC



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Member, SSC



BAI NORHATA MACATBAR ALONTO
Member, SSC



ANITA BUMPUS-QUITAIN
Member, SSC



MANUEL L. ARGEL, JR.
Member, SSC



RICARDO L. MOLDEZ
Member, SSC



JOSE C. JULIO
Member, SSC

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Branch Operations Sector



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Capital Markets Group



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Alaminos Branch

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Baliuag Branch

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Iriga Branch

ROLANDO G. GOMEZ
Sorsogon Branch

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Cebu-North Reclamation
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