



**EXCERPTS FROM THE MINUTES OF
THE THIRD (3rd) REGULAR COMMISSION MEETING,
EMPLOYEES' COMPENSATION COMMISSION AND OCCUPATIONAL
SAFETY AND HEALTH CENTER, SERIES OF 2019,
ECC Multi-purpose Hall, 4th Floor, ECC Building, 355 Gil Puyat Ave., Makati City
Thursday, 29 August 2019 at 12:00 N.N.**

BOARD RESOLUTION NO. 19-08-27

***Approving the Continuous Application of the Manner of Computing EC
Pension in Relation to the New MSC Schedule
under the Social Security Act of 2018***

WHEREAS, Republic Act 11199 also known as the Social Security Act of 2018 was signed on 7 February 2019, repealing RA 1161, as amended by RA 8282;

WHEREAS, the same Law effectively increased the minimum and maximum Monthly Salary Credit (MSC) schedule for SSS members depending on the type of membership, effective April 2019 and in subsequent dates as detailed in SSS Circular Nos. 2019-05 to 07 dated 15 March 2019 on New Schedules of Social Security Contributions effective April 2019;

WHEREAS, the monthly salary credit is a major factor in the computation of EC pension;

WHEREAS, ECC issued Board Resolution No. 15-06-30 dated 23 June 2015 on "Approving the Adoption of Manner of Computing SS Pension under the SS Law, Particularly the Pension Formula and the Definitions of Average Monthly Salary Credit

{AMSC) and Credited Years of Service {CYS), in the Prospective Computation of EC Pension”;

WHEREAS, RA 11199 provides that the MSC under the defined benefit (social security) program is capped at P20,000, while the contribution corresponding to MSC in excess of P20,000 is allocated to the mandatory Provident Fund Scheme to be established (Sec. 4 (a)(2)); as such, in the computation of SS benefits, the maximum MSC to be considered is P20,000, until adjusted (Sec. 8(g));

WHEREAS, the computation of EC benefits follows the MSC definition under the SS scheme thus the EC benefits shall also follow the SS MSC maximum of P20,000.00;

WHEREAS, the SSS submitted an actuarial study, sent to the ECC Secretariat through a letter dated 17 June 2019 on the effect of the continuous application of the SS Law in the manner of computing the EC pension with an increased maximum MSC on the SSS-managed State Insurance Fund (SIF), together with the other benefit enhancements under Executive Order Nos. 33 and 54 and the mandatory coverage of the self-employed workers under the EC program;

WHEREAS, the study shows that with the continuous application of the SS Law in the manner of computing the EC pension at a higher maximum MSC, benefits are expected to exceed the contribution in 2047 which is six years earlier than with the present maximum MSC at P16,000; however EC Fund remains to be viable beyond 2080, the end of the valuation period, indicating that the SIF is financially viable;

WHEREAS, Art. 183 (formerly 177), paragraph (e) of P.D. No. 626, as amended, partly reads:

“Art 183 (formerly 177) (e) ... the Commission may upgrade benefits and add new ones subject to the approval of the President; and Provided, Further, That the actuarial stability of the State Insurance Fund (SIF) shall be guaranteed; Provided, Finally, that such increases in benefits shall not require any increase in contribution...”;

NOW THEREFORE, ON MOTION DULY MADE AND SECONDED,

This Commission **RESOLVES** as it hereby **RESOLVED** to approve the continuous application of the manner of computing the EC pension in accordance with ECC Board Resolution No. 15-06-30 subject to the new MSC schedule under the SS Act of 2018;

RESOLVED FURTHER, that retroactive payment shall be granted to EC pensioners effective April 2019 with declared MSC of more than P16,000;

RESOLVED FINALLY, that copies of this Resolution be duly furnished to the SSS for compliance and proper guidance and to the GSIS for information.

DONE, this 29th day of August 2019, in Makati City, Philippines.


SILVESTRE H. BELLO III

Chairperson
Department of Labor and Employment


RIZALDY T. CAPULONG

Member-Designate
Social Security System


NORA MALUBAY

Member-Designate
Government Service Insurance System


CARLITO P. ROBLE

Member
Employees' Sector

VACANT

Member
Employers' Sector


DENNIS S. MAS

Member-Designate
Philippine Health Insurance Corporation


STELLA ZIPAGAN-BANAWIS

Member
Employees' Compensation Commission - Secretariat