

## Philippines

Exchange rate: US\$1.00 equals 55.86 pesos.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First and current law:** 1954 (old age, disability, and survivors), with 1997 amendment.

**Type of program:** Social insurance system.

#### Coverage

Private-sector employees up to age 60 earning at least 1,000 pesos a month; domestic employees up to age 60 earning at least 1,000 pesos a month; and all self-employed persons up to age 60 with 1,000 pesos or more in monthly income.

Voluntary coverage for Filipinos recruited by a foreign-based employer for employment abroad; insured persons who are no longer eligible for compulsory coverage; and nonworking spouses of insured persons.

Special systems for government employees and military personnel.

#### Source of Funds

**Insured person:** 3.33% of monthly gross insured earnings. The insured monthly earnings are set according to 29 income classes.

Voluntarily insured persons pay the combined insured person and employer contributions of 9.4% of monthly gross insured earnings, according to 29 income classes. Voluntarily insured nonworking spouse's contributions are based on 50% of the monthly gross insured earnings of the working spouse. Voluntary contributions may be paid in advance for a period of up to 5 years, in which case the payable amount is adjusted by a discount factor.

The minimum insured monthly earnings for contribution and benefit purposes are 1,000 pesos (5,000 pesos for voluntarily insured overseas workers).

The maximum insured monthly earnings for contribution and benefit purposes are 15,000 pesos.

The above contributions also finance cash sickness and maternity benefits and funeral benefits.

**Self-employed person:** Pays the combined insured person and employer contributions of 9.4% of monthly gross insured earnings, according to 29 income classes. Contributions may be paid in advance for a period of up to 5 years, in which case the payable amount is adjusted by a discount factor.

The minimum insured monthly earnings for contribution and benefit purposes are 1,000 pesos.

The maximum insured monthly earnings for contribution and benefit purposes are 15,000 pesos.

The above contributions also finance cash sickness and maternity benefits and funeral benefits.

**Employer:** 6.07% of the employee's monthly insured earnings.

The minimum insured monthly earnings for contribution and benefit purposes are 1,000 pesos.

The maximum insured monthly earnings for contribution and benefit purposes are 15,000 pesos.

The above contributions also finance cash sickness and maternity benefits and funeral benefits.

**Government:** Any deficit.

The minimum and maximum insured monthly earnings for contribution purposes are adjusted periodically by the Social Security Commission, subject to the approval of the President of the Philippines.

#### Qualifying Conditions

**Old-age pension:** Age 60 with 120 months of contributions before the 6-month period prior to retirement. Employment or self-employment must cease. Age 65, regardless of employment, with 120 months of contributions.

Age 55 (underground mineworkers) if involuntarily unemployed or ceased self-employment and worked underground for at least 5 years.

The pension is suspended if an old-age pensioner resumes employment or self-employment before age 65. There is no employment test after age 65.

**Old-age settlement:** Age 60 with less than 120 months of contributions.

**Disability pension:** Permanent total or partial disability with 36 months of contributions before the 6-month period prior to the onset of disability. The insured must have an assessed degree of disability of at least 20%. A Social Security System doctor assesses the degree of disability annually.

The pension is suspended if the disability pensioner recovers, resumes employment (in the case of total disability), or fails to report for the annual physical examination.

**Disability grant:** Permanent total or partial disability with less than 36 months of contributions.

**Survivor pension:** Payable for the death of the insured. The insured had 36 months of contributions prior to the 6-month period before death; the death of an old-age pensioner or disability pensioner.

Eligible survivors are the surviving spouse and up to five dependent children younger than age 21 (no limit if disabled), unless married or earning 300 pesos or more a month from employment. The spouse's benefit ceases on remarriage, with the spouse's part transferred to the eligible surviving children.

**Survivor grant:** A lump sum is payable if the deceased had less than 36 months of contributions.

Eligible survivors are the surviving spouse and up to five dependent children younger than age 21 (no limit if disabled), unless married or earning 300 pesos or more a month from employment. In the absence of spouse and dependent children, the benefit is payable to dependent parents or to the person named by the deceased.

**Funeral grant:** Payable to the person who organizes the funeral.

### **Old-Age Benefits**

**Old-age pension:** The monthly pension is equal to 300 pesos, plus 20% of the insured's average monthly insured earnings, plus 2% of the insured's average monthly insured earnings for each year of service in excess of 10 years or 40% of the insured's average monthly insured earnings, whichever is greater.

Average monthly insured earnings are equal to the sum of the last 60 months' insured earnings immediately before the 6-month period prior to the claim divided by 60, or the sum of all monthly insured earnings paid immediately before the 6-month period prior to the claim, divided by the number of monthly contributions paid in the same period, whichever is greater.

The minimum pension is 1,200 pesos a month if the insured contributed for at least 10 years but for less than 20 years; 2,400 pesos with at least 20 years of contributions.

There is no maximum monthly pension.

**Partial lump sum:** The insured may choose to receive the first 18 monthly pension payments (not including dependent supplements and the 13th pension payment in the first year) in a lump sum.

**Dependent supplement:** 10% of the old-age pension or 250 pesos, whichever is greater, is provided to each of the five youngest children younger than age 21 conceived on or before the insured's retirement (no limit if disabled). The supplement ceases before age 21 if a child marries or earns 300 pesos or more a month from employment.

**Schedule of payments:** Thirteen payments a year. (Newly retired pensioners may choose to receive the first 18 monthly pension payments as a lump sum, discounted at a preferable rate of interest. In such cases, the periodic pension is payable from the 19th month.)

**Benefit adjustment:** Periodic ad hoc adjustment of benefits based on price and wage changes and on the financial health of the fund, subject to approval by the Social Security Commission.

**Old-age settlement:** Employee and employer contributions plus 6% interest.

### **Permanent Disability Benefits**

**Disability pension:** The monthly pension is equal to 300 pesos plus 20% of the insured's average monthly insured earnings, plus 2% of the insured's average monthly insured earnings for each year of service in excess of 10 years or 40%

of the insured's average monthly insured earnings, whichever is greater.

Average monthly insured earnings are equal to the sum of the last 60 months' insured earnings immediately before the 6-month period prior to the claim divided by 60, or the sum of all monthly insured earnings paid immediately before the 6-month period prior to the claim divided by the number of monthly contributions paid in the same period, whichever is greater.

The minimum pension is 1,000 pesos a month if the insured has less than 10 years of contributions; 1,200 pesos with at least 10 years but less than 20 years; or 2,400 pesos with at least 20 years of contributions.

There is no maximum disability pension.

**Dependent supplement (permanent total disability):** 10% of the disability pension or 250 pesos, whichever is greater, is provided to each of the five youngest children younger than age 21 conceived on or before the onset of disability (no limit if disabled). The supplement ceases before age 21 if a child marries or earns 300 pesos or more a month from employment.

**Partial disability:** The pension is reduced in proportion to the assessed degree of disability. The total pension benefit is paid in a lump sum if the payment period is less than 12 months.

**Supplementary allowance (permanent total and partial disability):** 500 pesos a month.

**Schedule of payments:** Thirteen payments a year.

**Benefit adjustment:** Periodic ad hoc adjustment of benefits based on price and wage changes and on the financial health of the fund, subject to approval by the Social Security Commission.

**Disability grant:** For permanent total disability, a lump sum equal to the insured's monthly pension times the number of monthly contributions or 12 times the monthly pension, whichever is greater.

**Partial disability:** The grant for a permanent partial disability is a lump sum equal to the insured's monthly pension times the number of monthly contributions times the assessed total degree of disability, or 12 monthly pension's times the assessed degree of disability, whichever is greater.

**Benefit adjustment:** Periodic ad hoc adjustment of benefits based on price and wage changes and on the financial health of the fund, subject to approval by the Social Security Commission.

### **Survivor Benefits**

**Survivor pension:** 100% of the monthly old-age pension that would have been payable to the deceased.

The minimum monthly pension is 1,000 pesos if the deceased contributed for at least 10 years; 1,200 pesos with at least 10 but less than 20 years; 2,400 pesos with at least 20 years of contributions.

There is no maximum survivor pension.

Dependent supplement: 10% of the deceased's pension or 250 pesos, whichever is greater, is paid to each of the five youngest children younger than age 21 conceived on or before the date of death (no limit if disabled). The supplement ceases before age 21 if a child marries or earns 300 pesos or more a month from employment.

Survivors of an old-age or a permanent total disability pensioner: 100% of the deceased's pension plus dependent supplements. In the absence of a surviving spouse and dependent children and if the insured died within 60 months after first receiving a pension, a lump sum equal to 60 months' pension less the value of the pension already paid is payable to dependent parents. In the absence of dependent parents, the benefit is payable to the person named by the deceased.

Schedule of payments: Thirteen payments a year.

Benefit adjustment: Periodic ad hoc adjustment of benefits based on price and wage changes and on the financial health of the fund, subject to approval by the Social Security Commission.

**Survivor grant:** The lump sum is equal to the deceased's monthly old-age pension times the number of monthly contributions, or 12 monthly pensions, whichever is greater.

Benefit adjustment: Periodic ad hoc adjustment of benefits based on price and wage changes and on the financial health of the fund, subject to approval by the Social Security Commission.

**Funeral grant:** 20,000 pesos to the person who pays for the funeral expenses. (A 20,000 pesos memorial service assistance program package may be provided by accredited life insurance companies.)

Benefit adjustment: Periodic ad hoc adjustment of benefits based on price and wage changes and on the financial health of the fund, subject to approval by the Social Security Commission.

### Administrative Organization

A tripartite Social Security Commission is responsible for the general management, supervision, and regulation of the program.

Social Security System collects contributions and pays benefits under the direction and control of the Social Security Commission.

### Sickness and Maternity

#### Regulatory Framework

**First and current laws:** 1954 (sickness), with 1997 amendment; 1969 (medical benefits), with 1995 amendment; and 1977 (maternity), with 1997 amendment.

**Type of program:** Social insurance system. Cash and medical benefits.

### Coverage

**Cash sickness and maternity benefits:** Private-sector employees up to age 60; domestic employees earning at least 1,000 pesos a month; and all self-employed persons with 1,000 pesos or more in monthly income.

Voluntary coverage for Filipinos recruited by a foreign-based employer for employment abroad, insured persons who are no longer eligible for compulsory coverage, and nonworking spouses of insured persons.

Special system for government employees except for maternity benefits.

**Medical benefits:** Private- and public-sector employees up to age 60; domestic employees earning at least 1,000 pesos a month; and all self-employed persons with 1,000 pesos or more in monthly income.

Full coverage is provided to pensioners and retired persons, and limited coverage is provided to certain categories of people with low or no income.

Voluntary coverage for Filipinos recruited by a foreign-based employer for employment abroad and certain other groups of people.

### Source of Funds

#### Insured person

**Cash sickness and maternity benefit:** See source of funds under Old Age, Disability, and Survivors, above.

**Medical benefits:** Employed persons, 1.25% of gross monthly insured earnings (earnings are fixed according to 12 income classes); none for pensioners and their dependents or for certain categories of people with low or no income; voluntary contributors pay 100 pesos a month.

The minimum monthly earnings for contribution purposes for medical benefits are 4,000 pesos.

The maximum monthly earnings for contribution purposes for medical benefits are 15,000 pesos.

#### Self-employed person

**Cash sickness and maternity benefit:** See source of funds under Old Age, Disability, and Survivors, above.

**Medical benefits:** 100 pesos a month.

The minimum monthly earnings for contribution purposes for medical benefits are 4,000 pesos.

The maximum monthly earnings for contribution purposes for medical benefits are 15,000 pesos.

#### Employer

**Cash sickness and maternity benefit:** See source of funds under Old Age, Disability, and Survivors, above.

**Medical benefits:** 1.25% of the employee's monthly insured earnings.

The minimum monthly earnings for contribution purposes for medical benefits are 4,000 pesos.

The maximum monthly earnings for contribution purposes for medical benefits are 15,000 pesos.

**Government:** Pays the cost of medical benefits for certain categories of people with low or no income; any deficits.

The contribution is payable monthly except for the self-employed and voluntary members, who may pay contributions monthly, quarterly, semiannually, or annually.

The minimum and maximum insured monthly earnings for contribution purposes are adjusted periodically by the Social Security Commission, subject to the approval of the President of the Philippines.

### **Qualifying Conditions**

**Cash sickness benefits:** Three months of contributions in the last 12 months immediately before the 6-month period prior to the onset of sickness. The insured must be hospitalized or incapacitated at home for at least 4 days. Medical certification must be provided.

**Cash maternity benefits:** Three months of contributions in the last 12 months immediately before the 6-month period prior to the childbirth or miscarriage. The insured is covered for four deliveries, including miscarriages. Medical certification of the pregnancy and a birth certificate are necessary.

**Medical benefits:** Three months of contributions in the last 12 months before the first day of incapacity; contribution conditions are waived for pensioners, retired persons, and certain categories of people with low or no income.

### **Sickness and Maternity Benefits**

**Sickness benefit:** A daily allowance equal to 90% of the insured's average daily insured earnings. Daily insured earnings are equal to the sum of the 6 highest months' insured earnings in the 12 months before the 6-month period prior to the onset of sickness divided by 180. The benefit is payable after a 3-day waiting period (unless for an injury or an acute disease) for up to 120 days in a calendar year. The payment of benefit must not exceed 240 days for the same illness.

**Maternity benefit:** 100% of the insured's average daily insured earnings. Daily insured earnings are equal to the sum of the 6 highest months' insured earnings in the 12 months before the 6-month period prior to the delivery or miscarriage divided by 180. The benefit is payable for 60 days for a miscarriage or a noncaesarian childbirth; 78 days for a caesarian childbirth.

### **Workers' Medical Benefits**

Services are delivered by accredited health care providers and are paid directly by the health fund according to a fixed schedule.

Cost sharing: There is some cost sharing for general and specialist care, hospital care, laboratory and X-ray fees, surgery, and medicines.

Inpatient treatment is limited to 45 days a year.

### **Dependents' Medical Benefits**

Same as for the insured person, except the limit on inpatient treatment of 45 days is shared among all eligible dependents (in addition to the 45 days for the insured person).

Eligible dependents are the spouse; unmarried and nonemployed legitimate, acknowledged, and illegitimate children and legally adopted or stepchildren younger than age 21 (no limit if disabled); and parents aged 60 or older with income below a specified amount who are not covered through other means.

### **Administrative Organization**

**Cash sickness and maternity benefits:** A tripartite Social Security Commission is responsible for the general management, supervision, and regulation of the program.

Employers pay sickness and maternity benefits directly to their employees and are reimbursed by the Social Security System. The Social Security System pays benefits to self-employed and voluntary members.

Social Security System collects contributions and administers benefits under the direction and control of the Social Security Commission.

**Medical benefits:** The Department of Health (<http://www.doh.gov.ph>) provides policy coordination and guidance.

Philippine Health Insurance Corporation (<http://www.philhealth.gov.ph>) collects contributions for the medical care program and administers the provision of benefits.

Medical care is provided by accredited providers.

### **Work Injury**

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#### **Regulatory Framework**

**First and current law:** 1974 (work injury), implemented in 1975, with 1996 amendment.

**Type of program:** Social insurance system.

#### **Coverage**

Employers and employed persons, including domestic employees and Filipinos recruited by a foreign-based employer for employment abroad, not older than age 60.

There is no voluntary coverage.

Exclusions: Self-employed persons.

Special systems for government employees and military personnel.

## Source of Funds

**Insured person:** None.

**Self-employed person:** Not applicable.

**Employer:** 1% of insured's monthly insured earnings up to 1,000 pesos a month. The contribution does not vary according to the assessed risk level of the employer or accident rate.

**Government:** Any deficit.

The maximum insured monthly earnings for contribution purposes are adjusted periodically by the Social Security Commission, subject to the approval of the President of the Philippines.

## Qualifying Conditions

**Work injury benefits:** One month of contributions.

## Temporary Disability Benefits

90% of the insured's average daily insured earnings. Daily insured earnings are equal to the sum of the 6 highest months' insured earnings during the last 12 months divided by 180. The benefit is payable from the first day of disability for a work-related injury or sickness for up to 120 days; may be extended up to 240 days if further treatment is required.

Average monthly insured earnings are equal to the sum of the last 60 months' insured earnings immediately before the 6-month period prior to the claim divided by 60, or the sum of all monthly insured earnings paid immediately before the 6-month period prior to the claim, divided by the number of monthly contributions paid in the same period, whichever is greater.

The minimum daily benefit is 10 pesos.

The maximum daily benefit 200 pesos.

The benefit is suspended if the beneficiary does not provide a doctor's monthly medical report.

## Permanent Disability Benefits

**Permanent disability pension:** The monthly pension equals 115% of the insured's old-age pension (115% of the sum of 300 pesos, plus 20% of the insured's average monthly insured earnings, plus 2% of the insured's average monthly insured earnings for each year of service in excess of 10 years or 115% of 40% of the insured's average monthly insured earnings, whichever is greater).

The minimum monthly pension is 2,000 pesos.

There is no maximum monthly pension.

Dependent supplement (permanent total disability): 10% of the disability pension or 250 pesos, whichever is greater, for each of the five youngest children younger age 21 (no limit if disabled). The supplement ceases before age 21 if a child marries or earns 300 pesos or more a month from employment.

Partial disability: The pension is equal to the permanent total disability pension but is paid for a limited period according to

the schedule in law for each particular disability. If the awarded duration of the pension is less than a year, the pension is paid as a lump sum.

Supplementary pension (permanent total and partial disability): 575 pesos a month.

The insured must have an assessed degree of disability of at least 20%. The degree of disability is assessed annually by a Social Security System doctor. The pension is suspended if the beneficiary is gainfully employed (in the case of total disability), fails to undergo an annual physical examination, does not provide a doctor's quarterly medical report, or is fully rehabilitated.

## Workers' Medical Benefits

Medical, surgical, and hospital services; appliances; and rehabilitation.

## Survivor Benefits

**Survivor pension:** 100% of the monthly permanent total disability pension to which the deceased would have been entitled.

Dependent supplement: 10% of the deceased's monthly pension for each of the five youngest children younger than age 21 (no limit if disabled). The supplement ceases before age 21 if a child marries or earns 300 pesos or more a month from employment.

In the absence of an eligible spouse or dependent children, the pension (excluding dependent supplements) is payable to dependent parents for up to 60 months.

The minimum monthly pension is 2,000 pesos.

There is no maximum monthly pension.

Survivors of a permanent total disability pensioner: 100% of the insured's monthly permanent disability pension plus dependent supplements.

The pension is shared between the spouse and dependent children younger than age 21 (no limit if disabled) who are not married or earning 300 pesos or more a month from employment.

In the absence of an eligible spouse or dependent children, the insured's monthly pension (excluding dependent supplements) is payable to dependent parents for 60 months minus the number of months the pension was paid to the deceased before his or her death.

**Funeral grant:** 10,000 pesos payable to the person who paid for the funeral.

## Administrative Organization

Department of Labor and Employment provides general supervision.

Employees' Compensation Commission, part of the Department of Labor, initiates and coordinates program policies and determines contribution rates.

Social Security System collects contributions and pays permanent disability benefits. Employers pay temporary disability benefits directly to their employees and are reimbursed by the Social Security System.