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CIRCULAR NO. 2020-082

TO : ALL SSS EMPLOYERS AND MEMBERS

SUBJECT : GUIDELINES FOR THE IMPLEMENTATION OF THE MANDATORY PROVIDENT FUND (MPF) PROGRAM FOR SSS MEMBERS

Pursuant to Social Security Commission (SSC) Resolution No. 458-s.2020 dated 09 September 2020, approving the implementation of the Mandatory Provident Fund (MPF) Program for SSS members, the following guidelines are hereby issued:

A. OBJECTIVE

The SSS, in pursuit of its mission under Republic Act (RA) No. 11199, otherwise known as the Social Security Act of 2018, to promote social justice through savings and advance the value of "work, save, invest and prosper", shall establish the MPF Program for members that will consist of contributions of employers and employees, self-employed, OFW and voluntary members, based on monthly salary credit (MSC) in excess of P20,000 up to the prescribed maximum MSC, and their earnings. The Program aims to provide SSS members 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 11199.

B. DEFINITION OF TERMS

1. "SSS MEMBER" is a person with at least one (1) contribution in the Regular SSS Program.
2. "REGULAR SSS PROGRAM" refers to the defined benefit-type SSS program existing before the implementation of this defined contribution-type MPF Program.
3. "FINAL BENEFIT CLAIM" is a settled claim by an SSS member for retirement, total disability or death benefit in the Regular SSS Program.
4. "MPF MEMBER" is an SSS member with at least one (1) contribution in the MPF Program.
5. "MPF BENEFICIARIES" are the same as those defined under Section 8 (k), Definition of Terms of RA 11199.

C. COVERAGE

1. The MPF Program covers all SSS members who have met the following qualifications:
 - a. Have no final claim in the Regular SSS Program; and
 - b. Have contribution(s) in the Regular SSS Program and whose MSC exceeds ₱20,000.
2. Enrollment in the MPF Program shall be automatic when MSC exceeds ₱20,000 starting applicable month of January 2021.

D. CONTRIBUTIONS

1. MPF contributions shall be the prescribed contribution rate times MSC in excess of ₱20,000 up to the prescribed maximum MSC.
2. MPF contributions shall always be paid together with contributions under the Regular SSS Program.

E. WITHDRAWAL

Withdrawal of contributions is not allowed.

F. INVESTMENTS

1. Pursuant to RA 11199, the following principles shall be followed in investing:
 - a. The Social Security Commission (SSC) shall have the authority to invest and make changes in any of the general provisions of the MPF. This is in line with Sec. 4 par (1) and Sec. 26 of RA 11199;
 - b. The investment must be consistent with Sec. 26 (Investment Reserve Fund) of RA 11199;
 - c. Consistent with prioritizing capital preservation, the initial investment mix will be guided by the following limits:
 - i. At least 15% in Government Securities (GS), and can be increased up to 100% of the investments (Sec. 26 (a) of RA 11199);
 - ii. Up to 20% in Corporate or multilateral institutions (Sec. 26 (h) of RA 11199) and Equities (Sec. 26 (i) of RA 11199);
 - iii. Up to 25% in short-and-medium-term loans to MPF members, such as salary, educational, livelihood, calamity, and emergency loans (Sec. 26 (e) of RA 11199); and
 - iv. Up to 40% in money market and other BSP-approved investment instruments with the same intrinsic quality as those allowable in the Charter (Sec. 26 (m) of RA 11199).
 2. The investment of the MPF shall be managed following the principle of safety, high yield and liquidity, and benchmarked against the average rates of Treasury Bills or any other acceptable market yield indicators.
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3. Earnings realized from investments shall be distributed proportionately based on the member's contribution.
4. Contributions posted for the month shall earn their share of the investment income beginning on the first day of the following month.

G. BENEFITS

1. The basis for MPF benefits is the total accumulated account value (AV) of the member at the time of the approval of the claim for retirement, total disability or death.
2. MPF benefit shall be automatically processed when the member (or his/her beneficiary/ies) files for retirement, total disability or death benefit claim under the Regular SSS Program.
3. The MPF benefit shall be paid together with the SSS regular benefit. Initial disbursement of MPF benefits shall coincide with the Regular SSS Program, including the case when the member opts to receive the first 18 months pension in advance or has accrued pension.
4. The MPF benefit shall be given either in lump sum or annuity depending on whether the member's regular SSS pension is in lump sum or annuity.
5. The annuity shall be given in the form of a fixed amount of monthly pension equal to the member's total accumulated AV divided by 180. The pension will be paid until the member's AV is fully settled, covering at least 15 years.
6. Upon the death of an MPF pensioner, any remaining balance in the accumulated AV will be paid to his/her beneficiary in lump sum.



H. MANAGEMENT AND ADMINISTRATION

1. The SSS shall exercise absolute control, direction and management of the MPF Program.
2. The MPF management fee shall initially be at 1% per annum of the accumulated fund and shall be deducted from the MPF account every month-end to cover all the expenses related to the operations of the Fund. The difference between the MPF management fee and the actual operational expenses, if any, shall be treated as income of the Regular SSS Program.

The MPF management fee shall be reviewed every two (2) years, and any change in the rate shall be subject to the approval of the SSC.

3. The SSS shall be relieved from carrying out its obligations on the MPF Program if it is prevented from doing so due to Force Majeure, which is an event beyond the control of the SSS arising from fortuitous events as defined by law.
4. Policies, including the terms and conditions, governing the MPF Program are subject to change as may be determined by the SSS and without prior notice to the public.

For the guidance of all concerned.


AURORA C. IGNACIO
President and CEO


24 NOV 2020

Date

(Policy – Others)
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