

TRIPARTITE INDUSTRIAL PEACE COUNCIL

RESOLUTION NO. 3

Series of 2013

*“Recommending the Review of the Social Security Commission (SSC) on
the Policy Concerning Interest and Penalty Rates ”*

WHEREAS, pursuant to Executive Order No. 403, Series of 1990, the Tripartite Industrial Peace Council (TIPC) shall review existing labor and social policies, and shall be the clearinghouse of tripartite views on labor and social concerns;

WHEREAS, the 2011 Commission on Audit (COA) Annual Audit Report revealed that the Social Security System (SSS) has overcharged its members by P788.842 million in advance interest on salary loans in 2011 and is thus advised to calculate interest using the method for normal installment type of credit prescribed by *Banko Sentral ng Pilipinas* (BSP) and to refund the excess amount to borrowers;

WHEREAS, on 26 November 2012, the Tripartite Industrial Peace Council-Tripartite Executive Committee (TIPC-TEC) and the officials of the SSS engaged in a social dialogue in order to address the issues and implications of the latter's 2011 Annual Audit Report finding;

WHEREAS, after a thorough discussion of the issue with the SSS officials, the TIPC noted the SSS position that it did not overcharge its members as it remained consistent with the implementing guidelines of the loan program, as approved by the SSC and agreed upon by its members upon application for loans;

WHEREAS, in addition to the major issue of overcharging, concerns on the SSS policy on interest and penalty rates were raised by the labor sector as follows:

- 1) Prior to 2010, the policy on SSS loan deduction is that after two (2) years of non-payment of a borrower in a 10% interest loan, there would be a 1% penalty per month, while in 2010, the interpretation of the policy on penalty rate changed without prior notice such that penalty for non-payment of an SSS member loan borrower in a 10% interest loan is 10% plus 1% per month; and
- 2) Starting in 2000, the SSS implemented the deduction of the advance first year's interest from the net proceeds of the loan of its members in order to align the yield on SSS funds with the market rate which was then 10%-18% according to SSS.

WHEREAS, the TIPC believes that the SSS should have duly notified its members on any significant provisos or changes in the policy relative to the imposition and interpretation of interest and penalty rates;


WHEREAS, the tripartite stakeholders likewise emphasized the need to ensure that the interest and penalty rates implemented by the SSS are appropriate and aligned with the current market rate;

NOW THEREFORE, BE IT RESOLVED, AS WE HEREBY RESOLVE, that the SSC is recommended to review the SSS policy on interest and penalty rates specifically the interpretation of the 10% plus 1% monthly amortization and to determine whether these rates are updated in accordance with prevailing market rates.


IT IS FURTHER RESOLVED THAT the SSS must always inform its members on any provisos or changes in the policy that affect the welfare and interests of the stakeholder, primarily through public dissemination and publication in a newspaper of general circulation.

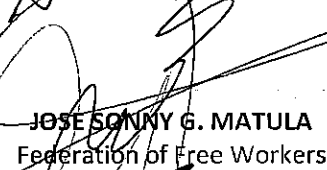
Approved this 19th day of February 2013, at The Bayleaf Hotel, Intramuros, Manila, Philippines.

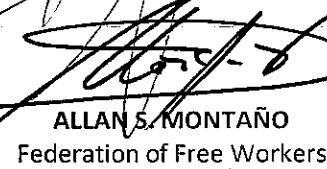
LABOR SECTOR



DANIEL L. EDRALIN
Alliance of Progressive Labor


JOSUA T. MATA
Alliance of Progressive Labor


ANGELITO P. CALDERON
Alliance of Filipino Workers

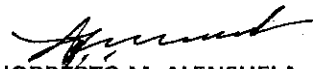

JOSE SONNY G. MATULA
Federation of Free Workers

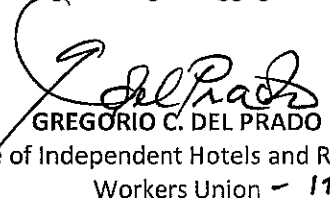

ALLAN S. MONTAÑO
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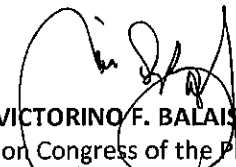

DAVID L. DIWA
Lakas Manggagawa Labor Center - ITUC



BENJAMIN C. ALAR
National Confederation of Labor

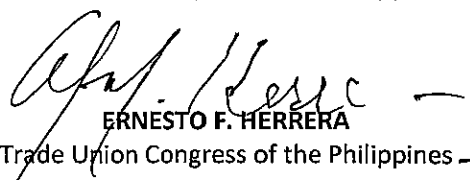

ERNESTO M. PRIAS
National Federation of Labor Unions

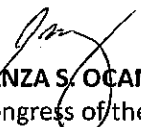

NORBERTO M. ALENSUELA, Sr.
Pambansang Diwa ng Manggagawang Pilipino

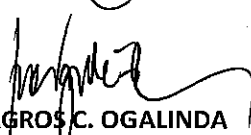

GREGORIO C. DEL PRADO
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VICTORINO F. BALAIS
Trade Union Congress of the Philippines

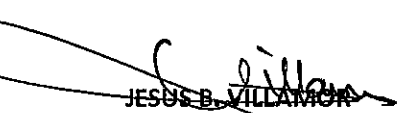

ZOILO V. DELA CRUZ, JR.
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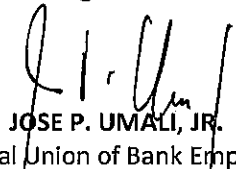

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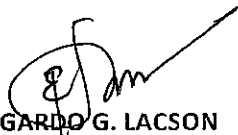

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EMPLOYERS' SECTOR



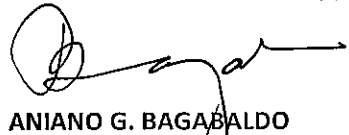
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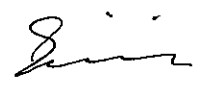
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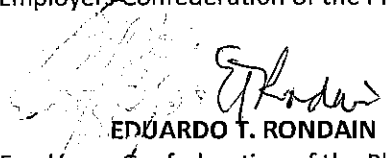
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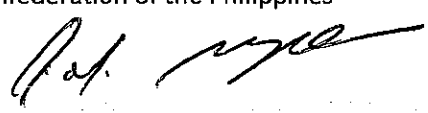
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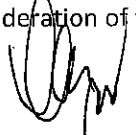
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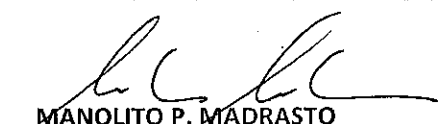
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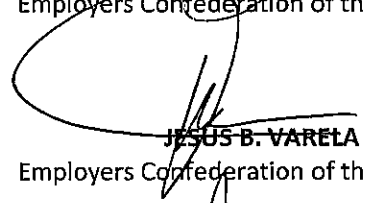
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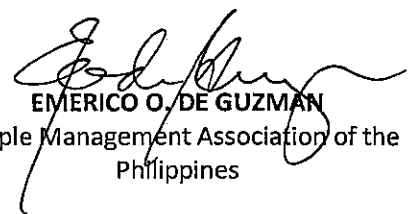
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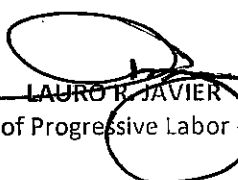
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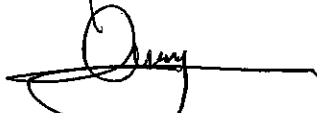
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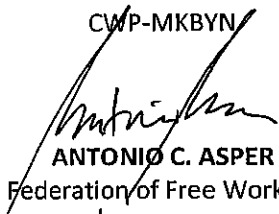

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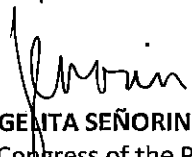

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Philippine Metalworkers Alliance

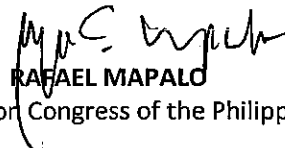

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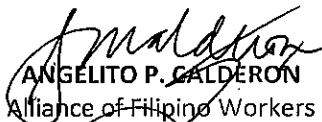
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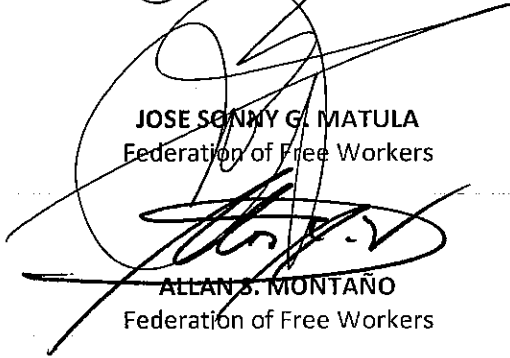


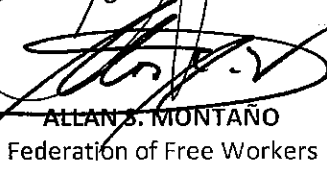
LABOR SECTOR

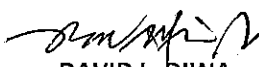

DANIEL L. EDRALIN
Alliance of Progressive Labor

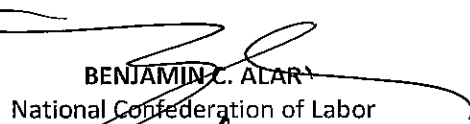

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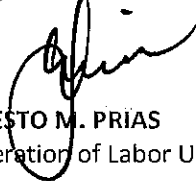

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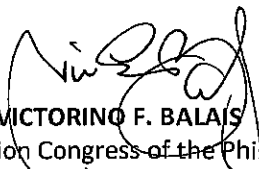

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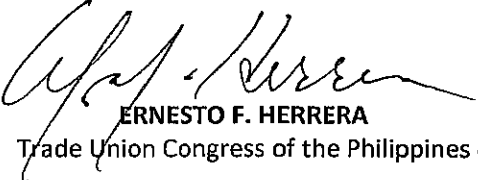

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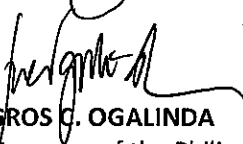

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Trade Union Congress of the Philippines

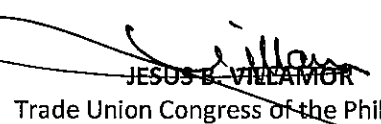

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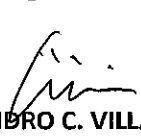

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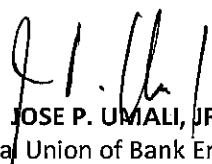

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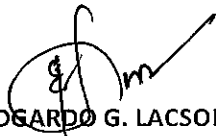

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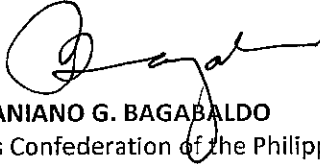
EMPLOYERS' SECTOR



EDGARDO G. LACSON
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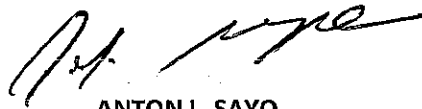
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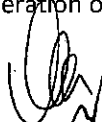
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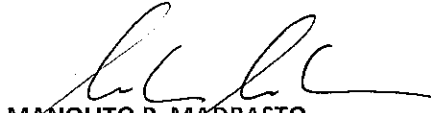
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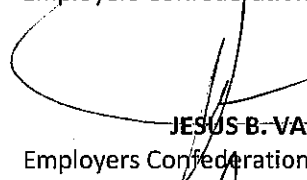
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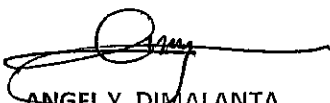



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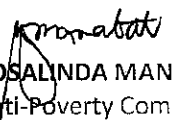
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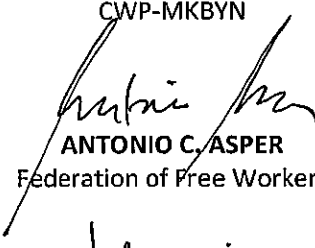

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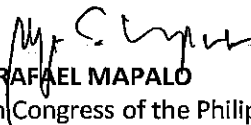

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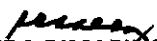

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