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**Working Paper**

## Silver linings for the elderly in the Philippines: Policies and programs for senior citizens

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DISCUSSION PAPER SERIES NO. 2019-09

# Silver Linings for the Elderly in the Philippines: Policies and Programs for Senior Citizens

*Celia M. Reyes, Arkin A. Arboneda, and Ronina D. Asis*



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Silver Linings for the Elderly in the Philippines:  
Policies and Programs for Senior Citizens

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PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES

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## **Abstract**

The Philippines is identified as one of the countries with an ageing population, as the proportion of persons aged 60 and above is at 7.4 percent in 2015 and is projected to increase to 15.9 percent by 2045. Senior citizens tend to have higher prevalence of various medical diseases and comorbidities. Moreover, they are less economically active compared to younger age groups. Thus, this projected increase in the number of senior citizens entails greater support needed in terms of health care and income security for the elderly. In response to this, the government has been enacting various legislations and implementing various social protection programs for senior citizens. Among the following are the mandatory coverage of senior citizens to PhilHealth, and retirement benefits and pension through SSS and GSIS for senior citizens previously involved in the formal economy, or through the social pension program for indigent senior citizens.

**Keywords:** Ageing population, senior citizen, social protection, social pension, Philippines

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# Silver linings for the elderly in the Philippines: Policies and programs for senior citizens

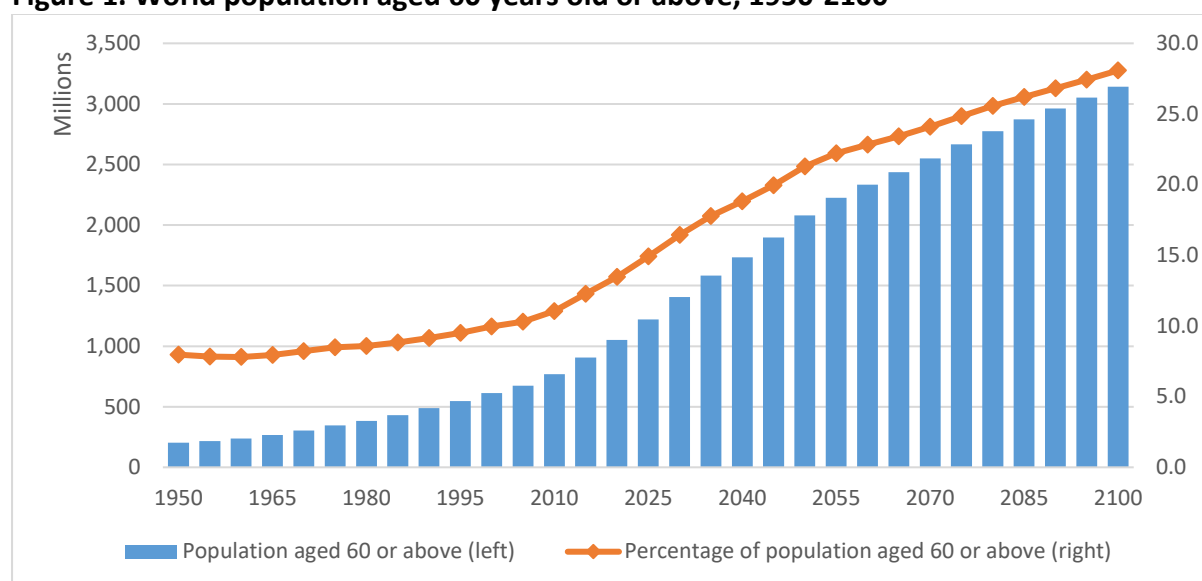
*Celia M. Reyes, Arkin A. Arboneda and Ronina D. Asis\**

## 1. Introduction

Population ageing is becoming one of the most significant social transformations of the 21<sup>st</sup> century, which will have various implications on various sectors of society including labor and financial markets, and the demand for goods and services such as social protection (UN DESA 2015).

With the decline in fertility rates and reduction in mortality rates, many of the countries are contending with ageing population<sup>1</sup>. The United Nations has not adopted a standard criterion in defining old age, but they generally use 60 years old and above to refer to elderly population.<sup>2</sup> According to the results of the 2015 revision of the World Population Prospects of the United Nations Department of Economic and Social Affairs Population Division, the world population has reached 7.4 billion as of 2015; of which, about 12.3% or 906 million are aged 60 years or over. This is expected to 1.4 billion (16.4%) by 2030, 2.1 billion (21.3%) by 2050, and to 3.1 billion (28.1%) by 2100 (**Figure 1**).

**Figure 1. World population aged 60 years old or above, 1950-2100**



Note: Population projections using medium fertility variant

Source of basic data: United Nations, Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision, custom data acquired via website.

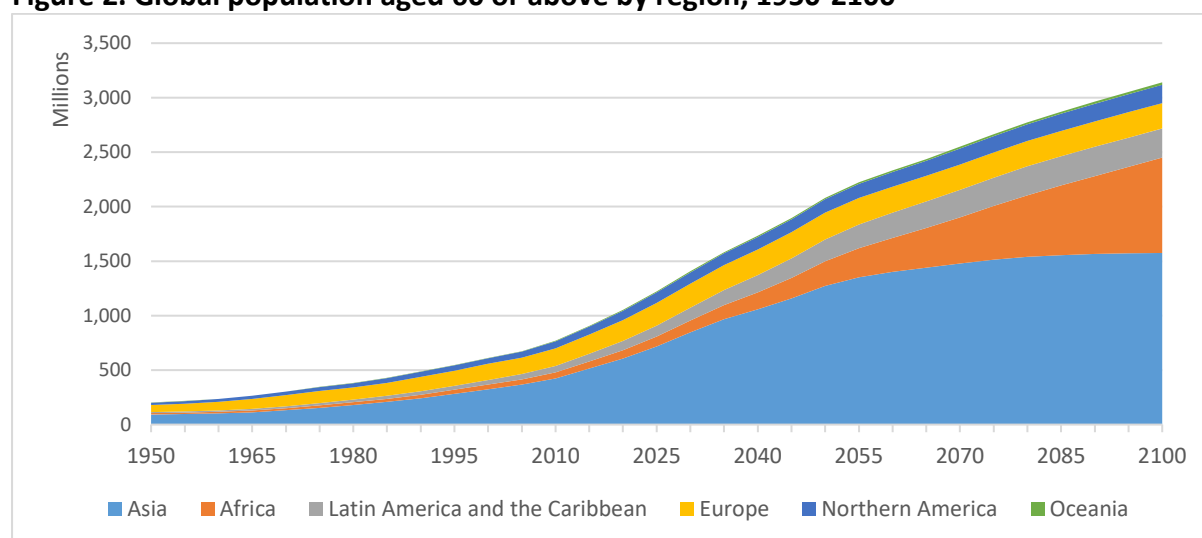
\* President, Research Specialist and Executive Assistant V, respectively, of the Philippine Institute for Development Studies (PIDS). Usual disclaimer applies. PIDS acknowledges the financial support provided by the Philippine Commission on Women.

<sup>1</sup> A country is identified to have an ageing population if the share of elderly population (i.e. aged 65 or above) constitute at least 7% of the total population, or an aged population when the share of elderly population is at least 14% (UN DESA 2017, cited in Abrigo, et. al. 2018).

<sup>2</sup> Mary Beth Weinberger. 2001, personal correspondence, United Nations, cited in Kowal, Paul and J. Edward Dowd. *Definition of an older person. Proposed working definition of an older person in Africa for the MDS Project* (Geneva: World Health Organization, 2001).

At the regional level, Europe had 23.9% of its population aged 60 years or over in 2015, and is projected to reach 34.5% in 2050 and 35.8% in 2100. Meanwhile, Latin America and the Caribbean is projected to have 25.4% in 2050 from 11.2% in 2015. Over the same period, Asia is expected to shift from 11.6% to 24.2%, North America from 20.7% to 28.3%, Oceania from 16.5% to 23.3%, and Africa from 5.4% to 8.9%. The projected increase in the number of persons aged 60 years or over by region is shown on **Figure 2**.

**Figure 2. Global population aged 60 or above by region, 1950-2100**



Note: Population projections using medium fertility variant

Source of basic data: United Nations, Department of Economic and Social Affairs, Population Division (2017).

World Population Prospects: The 2017 Revision, custom data acquired via website.

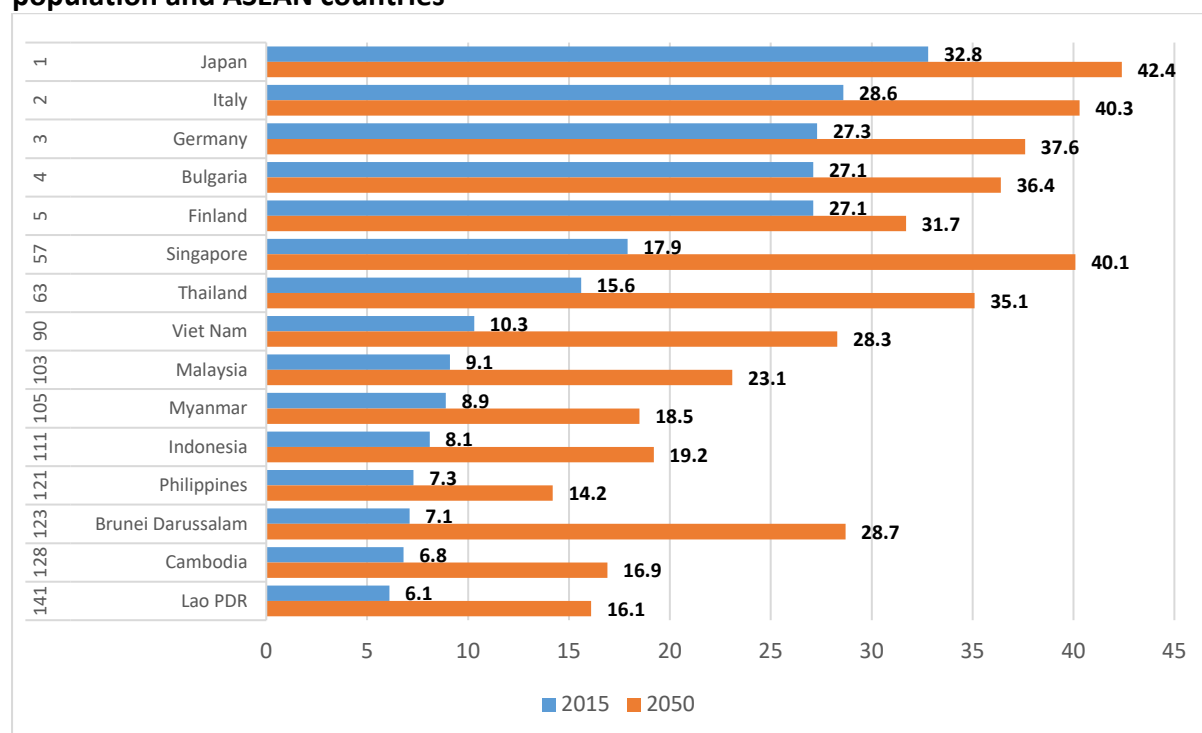
Similar to the global trend, the Philippines is also facing an increasing share of senior citizens, or persons aged 60 and above as defined in the Republic Act (RA) No. 9994, in its population. Based on the 2000 Census-based projections, life expectancy at birth for females and males born from 2005 to 2010 stands at 71.64 and 66.11 years, respectively (PSA 2011). Meanwhile, total fertility rate, or the average number children that would be born alive to a woman during her lifetime, has been declining from 4.1 in 1993 to 3.3 in 2008 and 2.7 in 2017 (PSA 2018). In addition, crude death rates, or the number of deaths per 100,000 population, showed an increasing trend from 4.8 in 2000 to 5.2 in 2009 and 5.6 in 2016, but has slightly declined in 2017 at 5.5% (PSA n.d.).

UN DESA (2017), as cited by Abrigo, et. al. (2018), projects that the Philippines will join the ranks of countries with ageing population (i.e. at least 7% of the population is aged 65 or above) by 2032, and eventually become an aged society (i.e. at least 14% of the population is aged 65 or above) by 2069. Among all countries, the Philippines ranks 121<sup>st</sup> in terms of percentage share of elderly population at 7.3% (**Figure 3**) and 24<sup>th</sup> in terms of magnitude at 7.4 million in 2015 (**Figure 4**).

Given the projected increase in the number of senior citizens, greater support is needed in terms of health care and income since senior citizens are most likely to be not anymore economically active. Greater support may be necessary for women of old-age as, based on the report of UN ESCAP in 2017, they are more vulnerable to poverty due to “their lower labor force participation in the formal sector throughout their adult life, and consequently have less access to pensions.” Thus, it is important to put in place various policies and programs to assist the elderly.

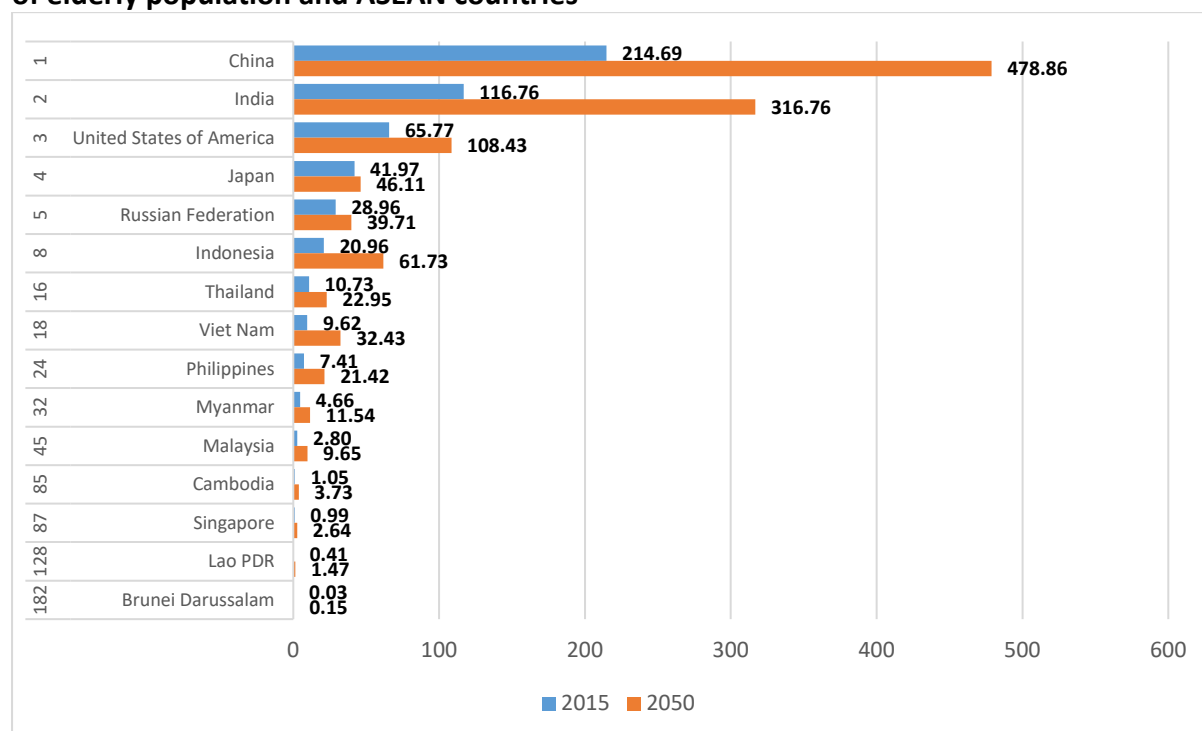


**Figure 3. Percentage aged 60 years or over in top five countries with largest share of elderly population and ASEAN countries**



Note: Ranking is based on the share of elderly population in 2015; projections using medium fertility variant  
Source of basic data: United Nations, Department of Economic and Social Affairs, Population Division (2017).  
World Population Prospects: The 2017 Revision, custom data acquired via website.

**Figure 4. Number of aged 60 years or over (in millions) in 10 countries with largest number of elderly population and ASEAN countries**



Note: Ranking is based on the number of elderly population in 2015; projections using medium fertility variant  
Source of basic data: United Nations, Department of Economic and Social Affairs, Population Division (2017).  
World Population Prospects: The 2017 Revision, custom data acquired via website.

This paper aims to assess the current policies and programs that are in place to address the specific needs of the elderly in the Philippines. The specific objectives of the study are the following:

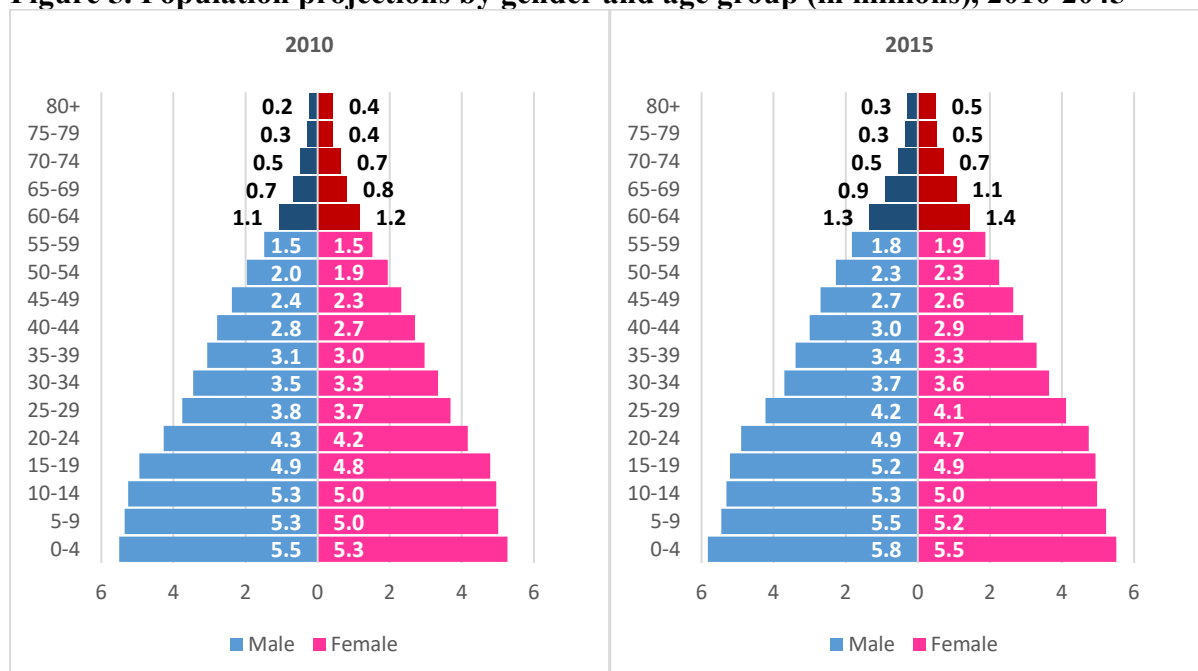
- To show the situation of the elderly with regards to health and economic status
- To document the various policies and programs that are being implemented to assist the elderly
- To determine the extent of access of the elderly to the various programs
- To assess gaps in the policies and programs by comparing the needs versus available services
- To provide policy recommendations to improve the conditions of the elderly

The succeeding section shows the current situation of the elderly using data from the census of population, and household surveys of the Philippine Statistics Authority (PSA). This is followed by a discussion of the description and implementation of various policies and social protection programs of the Philippine government intended for the elderly, based on legislations and office issuances of the implementing agencies. Finally, gaps of these policies and programs in terms of access and addressing the needs of the elderly will be discussed, followed by recommendations to address these gaps and to improve policy design and targeting to increase access of senior citizens to social protection.

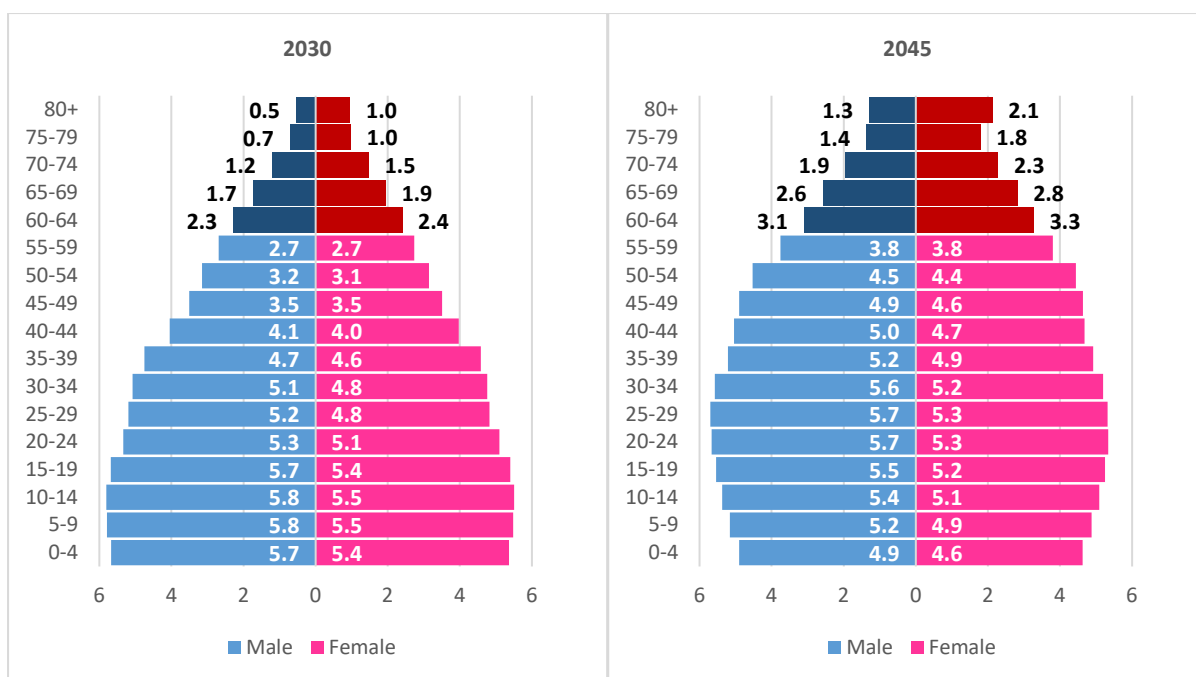
## 2. Situation of the elderly

In the Philippines, senior citizens are defined in RA 9994 as any person aged 60 years or over. Based on the 2015 Census of Population and Housing (CPH) conducted by the PSA, there are 7,548,769 senior citizens in the Philippines, or 7.5% of the total population. PSA projected that the share of senior citizens to total population will increase to 11.4% by 2030, and to 15.9% by 2045 (**Figure 5**).<sup>3</sup>

**Figure 5. Population projections by gender and age group (in millions), 2010-2045**



<sup>3</sup> Based on the PSA 2010 Census-based population projections using medium assumption.



Note: 2010 Census-based population projection using medium assumption  
Source of basic data: Philippine Statistics Authority (PSA)

Data show that there are more female senior citizens (i.e. 55.8% of the total elderly population and at 8.4 of the total female population) than males (i.e. 44.2% of the total elderly population and at 6.5% of the total male population). Majority of senior citizens has elementary level as their highest level of education (51.0%). Among the regions, the National Capital Region (NCR) and the surrounding regions have the largest share of elderly population.

**Table 1. Number and share of elderly population by sex, region, and highest educational attainment, 2015**

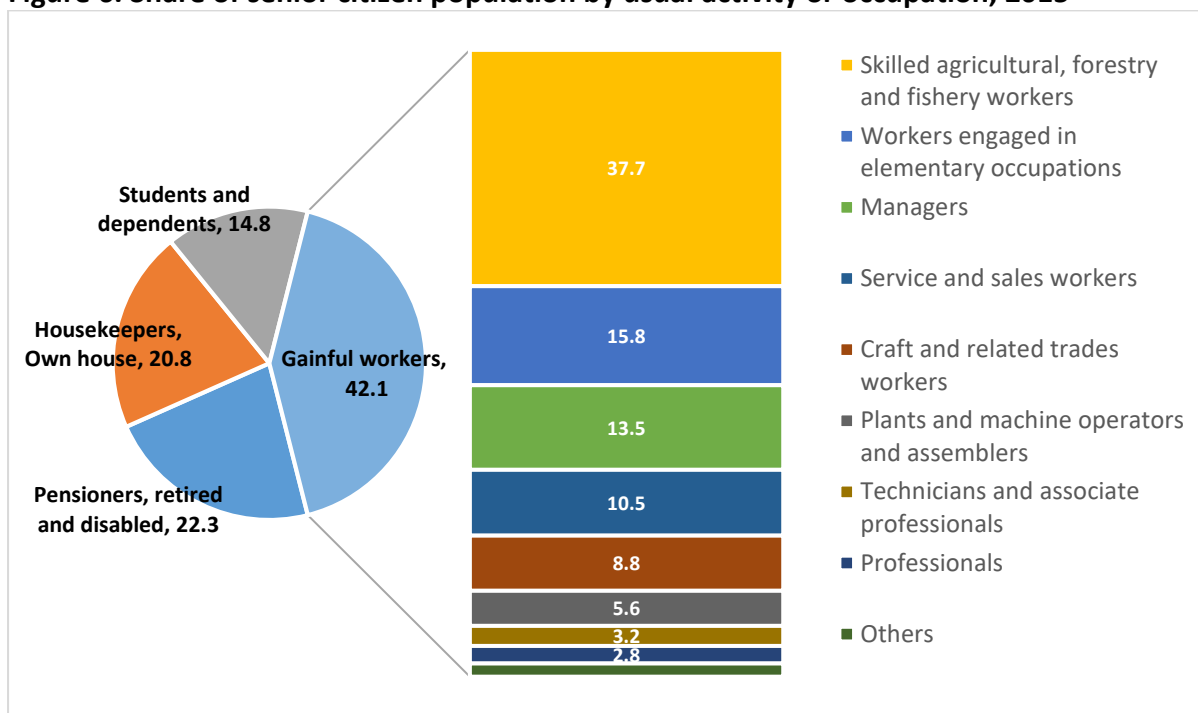
Indicator	Magnitude of elderly population	Share to total elderly population
<b>Total elderly population</b>	<b>7,548,769</b>	<b>100.0</b>
Household population	7,534,306	99.8
Institutional population	14,463	0.2
<b>By sex</b>		
Male	3,334,212	44.2
Female	4,214,557	55.8
<b>By region</b>		
NCR – National Capital Region	851,214	11.3
CAR – Cordillera Administrative Region	133,093	1.8
I – Ilocos Region	493,195	6.5
II – Cagayan Valley	283,678	3.8
III – Central Luzon	879,439	11.7
IV-A – CALABARZON	1,007,160	13.3
IV-B – MIMAROPA	217,155	2.9
V – Bicol Region	458,438	6.1
VI – Western Visayas	712,311	9.4
VII – Central Visayas	618,964	8.2
VIII – Eastern Visayas	383,844	5.1
IX – Zamboanga Peninsula	254,534	3.4

X – Northern Mindanao	327,994	4.3
XI – Davao Region	344,530	4.6
XII – SOCCSKSARGEN	272,427	3.6
XIII – Caraga	198,645	2.6
ARMM – Autonomous Region in Muslim Mindanao	112,148	1.5
<b>By educational attainment</b>		
No Grade Completed	316,584	4.2
Preschool	1,926	0.03
Special Education	559	0.01
Elementary	3,848,627	51.0
High School	1,883,573	25.0
Postsecondary	111,895	1.5
College Undergraduate	435,501	5.8
Academic Degree Holder	908,647	12.0
Post-baccalaureate	35,773	0.5
Not Reported	5,684	0.1

Source: Facts on Senior Citizens: Results of the 2015 Census of Population, PSA

Moreover, 42.1% of the senior citizen population in 2015 are gainful workers, of which a bulk are skilled agriculture, forestry and fishery workers (37.7%) and workers engaged in elementary occupations (15.8%). On the other hand, 22.3% were categorized as pensioners, retired, and disabled.

**Figure 6. Share of senior citizen population by usual activity or occupation, 2015**



Source: Facts on Senior Citizens: Results of the 2015 Census of Population, PSA

The Family Income and Expenditure Survey (FIES) of the PSA shows that among the estimated elderly population in 2015, 13.2% were members of households classified as income poor, while 4.3% were members of households classified as subsistence poor (**Table 2**). In terms of income group, about 5.5% and 6.7% were in the poorest and second income decile, respectively, while 12.5% and 15.5% were in the ninth and richest income decile, respectively.

**Table 2. Estimated number and share of elderly population by income status, 2015**

Indicator	Magnitude of elderly population	Share to total elderly population
<b>Total elderly population</b>	<b>6,766,991</b>	<b>100.0</b>
Income poor (including subsistence poor)	889,921	13.2
Subsistence poor	294,072	4.3
<b>By income decile</b>		
First	374,933	5.5
Second	456,057	6.7
Third	557,110	8.2
Fourth	632,805	9.4
Fifth	655,747	9.7
Sixth	669,650	9.9
Seventh	756,764	11.2
Eighth	774,484	11.4
Ninth	843,698	12.5
Tenth	1,045,743	15.5

Notes:

1. Sample may not be representative of sectors/groups
2. Data only includes households in the Family Income and Expenditure Survey. The estimated total elderly population in the Labor Force Survey is 7,083,413.
3. Income classification is based on whether they belong to a household classified as income poor (i.e. below poverty threshold) or subsistence poor (i.e. below food threshold)

Source: Authors' estimates using merged Family Income and Expenditure Survey and Labor Force Survey

The growing population of senior citizens entails an increasing need for health care and related services. Senior citizens often suffer from several health conditions, take various maintenance medications, and/or require more interactions with health care providers. In the 2007 Philippine Study on Ageing, half of older Filipinos consider themselves to be of average health; however, they have reported functional disabilities and illnesses such as arthritis, rheumatism, high blood pressure, and chronic back pain.

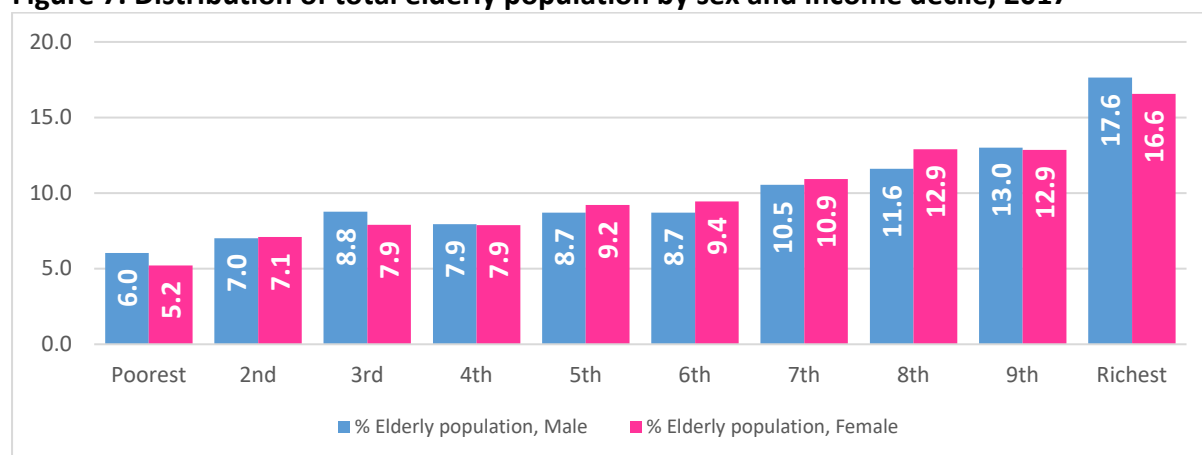
De Leon (2014) found out that, based on a survey on the quality of life of the Filipino elderly in selected cities and municipalities<sup>4</sup>, the elderly generally assessed themselves to have a good health status. Monthly health-related expenses reported by the respondents range from none to PHP 10,000. Those who reported spending nothing relied on free health services and medicines provided for by the local government, civil society organizations or hospitals. Meanwhile, most of the respondents (42.0%) have been spending less than PHP 1,000 per month, mostly for medical consultations and maintenance medicines. In terms of financing their health expenses, majority rely on support from their family or relatives (50.1%), followed by those spending their personal money (48.2%), while only 29.9% draw from their health insurance or pension.

In terms of income, the Annual Poverty Indicators Survey (APIS) of the PSA show that about 437 thousand or 5.2% of the total elderly population in 2017 are in the bottom income decile (**Figure 7**). Bottom 40% comprised of 2.4 million (28.1%) while 2.5 million or 29.4% comprised the richest 20%. Moreover, senior citizens are less economically active (i.e. do not have a job or business) than younger age groups (**Figure 8**). In 2017, only 43.8% of senior citizens have a job or business during the survey reference period. This is far lower compared

<sup>4</sup> Data was collected through survey interviews of 421 respondents selected using convenience sampling in six selected areas (Manila, Makati, Quezon City, Cebu in Nueva Ecija, Calapan in Mindoro, and Odiongan in Romblon).

to the younger age groups. Although females are relatively in higher income deciles, more are employed than males, at 35.6% compared to 53.9% during the same period (**Figure 9**).

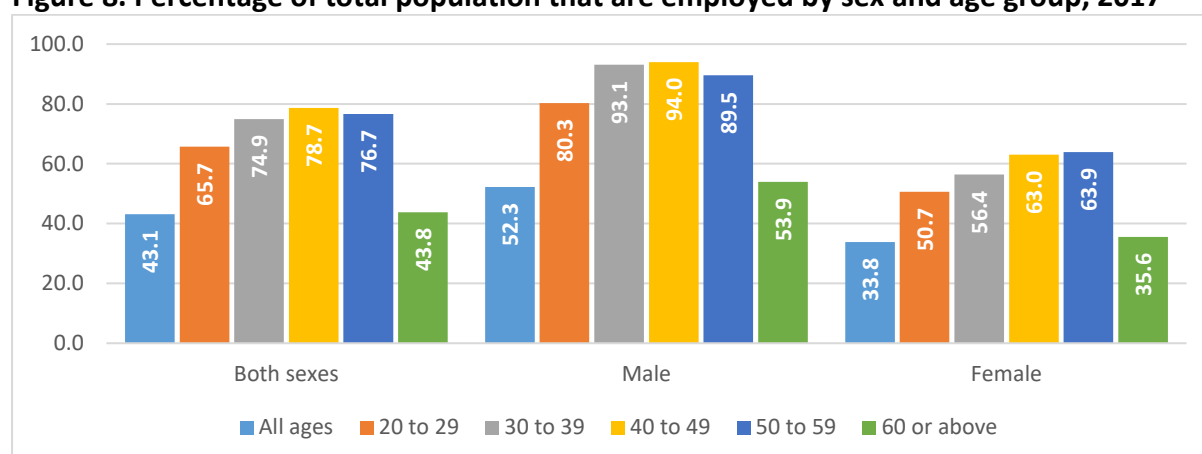
**Figure 7. Distribution of total elderly population by sex and income decile, 2017**



Note: Sample may not be representative of sectors/groups

Source: Authors' estimates using Annual Poverty Income Survey

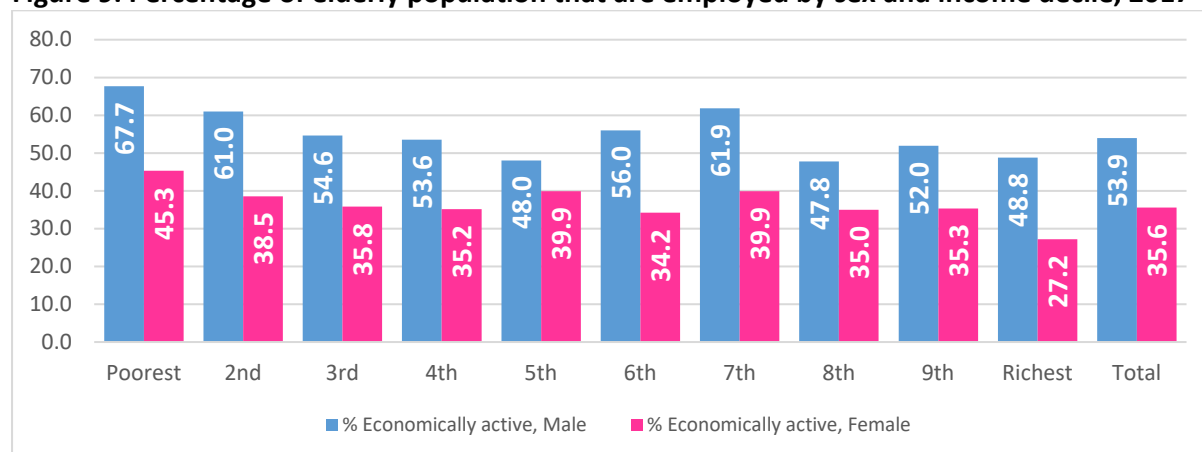
**Figure 8. Percentage of total population that are employed by sex and age group, 2017**



Note: Sample may not be representative of sectors/groups

Source: Authors' estimates using Annual Poverty Income Survey

**Figure 9. Percentage of elderly population that are employed by sex and income decile, 2017**



Note: Sample may not be representative of sectors/groups

Source: Authors' estimates using Annual Poverty Income Survey

### 3. Policies and programs for the elderly

The Philippine government has enacted several legislations and implementing various social protections programs that cater to the needs and provides privileges and benefits for senior citizens. One of which is the mandatory coverage of senior citizens to PhilHealth, which is the government's means to provide health insurance coverage. In terms of income protection, those previously employed in the private and public sector may receive retirement packages from the Social Security System (SSS) or Government Service Insurance System (GSIS), respectively. Meanwhile, senior citizens without a regular income or support from family and relatives and without pension may receive a monthly stipend through the social pension program.

#### 3.1. Senior citizen discount and tax incentives

Pursuant to RA 9994 or the Expanded Senior Citizens Act of 2010, all Filipinos aged 60 years old or above are entitled to the grant of 20% discount and to an exemption from the value-added tax, if applicable<sup>5</sup>, on the sale of various goods and services listed in **Table 3**.

**Table 3. Discount and VAT exemption privileges of senior citizens**

<b>Medical-related privileges</b> <ul style="list-style-type: none"><li>▪ Medicine and drug purchases (e.g. generic or branded medicines and drugs, influenza and pneumococcal vaccines, and vitamins and mineral supplements)</li><li>▪ Essential medical supplies, accessories and equipment (e.g. eyeglasses, hearing aids, dentures, prosthetics, artificial bone replacements, walkers, crutches, wheelchairs, canes, geriatric diapers)</li><li>▪ Medical and dental services in private facilities (e.g. medical and dental services, diagnostic and laboratory tests)</li><li>▪ Professional fees of attending physician/s in all private hospitals, medical facilities, outpatient clinics and home health care facilities</li><li>▪ Professional fees of licensed health workers providing home health care services as endorsed by private hospitals or employed through home health care employment agencies</li></ul>
<b>Domestic transportation privileges</b> <ul style="list-style-type: none"><li>▪ Air and sea transportation fares</li><li>▪ Public land transportation fares (e.g. LRT, MRT, PNR, buses, jeepneys, taxi and shuttle services)</li></ul>
<b>Hotels and similar lodging establishments</b> <ul style="list-style-type: none"><li>▪ Room accommodations and hotel-based amenities</li></ul>
<b>Restaurants</b> <ul style="list-style-type: none"><li>▪ Food, drinks, dessert and other consumable items</li></ul>
<b>Recreation centers</b> <ul style="list-style-type: none"><li>▪ Fees, charges and rental for sport facilities or equipment</li></ul>
<b>Admission fees privilege</b> <ul style="list-style-type: none"><li>▪ Places of culture, leisure and amusement (e.g. theaters, cinema, concert halls, carnivals, museums, parks)</li></ul>
<b>Funeral and burial services*</b> <ul style="list-style-type: none"><li>▪ Purchase of casket or urn, embalming, hospital morgue, transport of the body to intended burial site in the place of origin</li></ul>

Note: \*To be claimed by the person shouldering the expenses of the deceased senior citizen

Source: RA 9994

<sup>5</sup> Value-added tax rate is 12%. In cases of goods and services provided by VAT-registered establishments, the senior citizen discount is only applied to VAT-exempt sales.

Moreover, at least 5% discount can also be given for electricity and water bills of households, provided that the meters are registered under the senior citizen's name, and that the monthly consumption does not exceed 100 kWh and 30m<sup>3</sup>, respectively. In addition, the law also exempts seniors who are minimum wage earners in paying individual income taxes.

These discount privileges can be availed by senior citizens upon presentation of a valid and original senior citizen ID issued by the head of the Office of the Senior Citizens Affairs (OSCA) in their respective place of residence, or any other document or identification that proves that the senior citizen is a Filipino citizen, and is at least sixty years old.

### 3.2. *Contributory pension – GSIS and SSS*

The GSIS is a social insurance institution that provides insurance coverage for all employees of the public sector. RA 8291 states that the GSIS was established to “promote the efficiency and welfare of employees of the Philippine government under a defined benefit scheme ... [by] insur[ing] its members against occurrences of certain contingencies in exchange for their monthly premium contributions.”

Membership in the GSIS is compulsory for all public sector employees, excluding uniformed members of the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP), contractual workers who do not have an employer-employee relationship with their government agencies, and members of the judiciary and constitutional commissions who are covered by other retirement laws.

Based on Section 11 of the revised implementing rules and regulations of RA 8291, the current rate of monthly contribution payable by the member and the government agency is at 9% and 12%, respectively, of the actual monthly salary of the member.<sup>6</sup>

All GSIS members are entitled for compulsory and optional life insurance, retirement and other social security protection such as disability, survivorship, separation, and unemployment benefits. Active GSIS members also have access to salary, policy and emergency loan privileges. Members of the judiciary and constitutional commissions, however, are entitled to life insurance only. Retirees and pensioners are provided with different retirement packages depending on their years of service as stipulated in various legislations. The following are listed in **Table 4**.

**Table 4. Retirement benefits under GSIS**

Republic Act No. 8291	Retirees, with at least 15 years in service and at least 60 years old upon retirement, can choose either a five-year worth of pension in advance or a cash payment payable upon retirement.
Republic Act No. 660	Pensioners under this option should be permanent employees who entered the service on or before May 31, 1977 and the sum of his/her age and years in service should total to at least 87. Benefits, depending on age, can either be an automatic monthly pension for life or a lump sum.
Republic Act No. 1616	Retirees who entered the service on or before May 31, 1977 and rendered at least 20 years of service regardless of age and employment status can avail gratuity payments based on the total creditable service converted into gratuity months multiplied by the highest compensation received.

<sup>6</sup> GSIS. n.d. *Contributions*. Available at <https://www.gsis.gov.ph/active-members/contributions/>.



Presidential Decree No. 1146	Retirees who were in service after May 31, 1977 but prior to June 24, 1997, depending on the years of service, can choose either a basic monthly pension guaranteed for five years or a cash payment for every year of service
Republic Act No. 7699	Retirees, formerly working in the private sector, can combine his/her years of service in the private sector (represented by SSS contributions) with that of GSIS to satisfy the required years of service under PD 1146 and RA 8291.

Source: GSIS

The SSS, on the other hand, is a social insurance institution primarily for workers in the private sector. As stated in Section 2 of the RA 8282, SSS was established to develop and promote “sound and viable tax-exempt social security system” that provides protection of its members and their beneficiaries in times of death, disability, old age, sickness, maternity, and other contingencies resulting in loss of income or financial burden.

There are two types of coverages under the Social Security Program – compulsory and voluntary (**Table 5**). Compulsory coverage applies to employers, private sector employees (including household helpers with a minimum monthly income of PHP 1,000, and seafarers and employees of a foreign governments and international organizations that are based in the country) regardless of employment status, and self-employed persons regardless of trade, business or occupation. Meanwhile, voluntary coverage applies to overseas Filipino workers, non-working spouses of currently employed and actively paying SSS members, and members separated from employment.

**Table 5. Types of SSS coverage**

Compulsory	Voluntary
Employers or any person using the services of another person in business, trade, industry or any undertaking. Also included in this group are social, civic, professional, charitable, and other non-profit organizations that are hiring the services of employees. Foreign governments and institutions, through an administrative agreement with SSS, may elect for coverage of its Filipino employees.	Overseas Filipino Workers (OFWs) who are recruited by foreign-based employers for employment abroad, with a source of income in a foreign country, or have permanent residence in a foreign country.
Private sector employees, including household helpers (as of September 1, 1993, those earning at least PHP 1,000 monthly salary) and Filipino seafarers, regardless of employment status and is not over 60 years old. Filipino employees of foreign government and organizations, as described above, may also be covered.	Non-working spouses of currently employed and actively paying SSS members who devote their full time in management of household and family affairs. They should have never been an SSS member. Coverage requires approval of the working spouse.
Self-employed persons regardless of trade, business or occupation, with at least PHP 1,000 monthly income and is not over 60 years old. This includes partners and single proprietors of business, self-employed professionals, professional athletes, contractors/consultants (those without employer-employee relationship), farmers and fisherfolks, and workers in the informal sector, among others.	Members separated from employment or ceased to be self-employed/OFWs/non-working spouse can continue paying for the contributions on their account.

Source: Reyes, Tabuga & Asis (2018). Social Protection for Men and Women in the “Philippines: Some Insights for Improving Program Design of Social Insurance Schemes”

Effective April 2019, SSS contribution is currently at 12% of the monthly salary credit<sup>7</sup>. For members covered as employees, land-based OFWs with bilateral labor agreement and sea-based OFWs, the monthly contribution is shared between the employer and the employee, amounting to 8% and 4%, respectively, of the monthly salary credit. However, for household helpers, the employer pays the entire monthly contribution if the household helper earns less than PHP 5,000 under RA 10361 or the *Kasambahay* Law. Meanwhile, the monthly contribution of self-employed, voluntary members, and land-based OFWs without bilateral labor agreement is borne solely by the member. Lastly, the monthly contribution of non-working spouse members is based on 50% of the monthly salary credit of the working spouse.

All SSS members (i.e. employees, self-employed, and voluntary members) are entitled to salary loans and benefit packages related to sickness, maternity, disability, retirement, death, and funerals. Employees covered by SSS are also entitled to the Employees' Compensation (EC) program, which aims to support workers who suffer from work-related injuries or sickness resulting in disability or death. Benefits under the EC program include medical services, appliances and supplies (ward services only), rehabilitation services, and income cash benefits. Starting June 1984, the benefits under the EC program may be enjoyed simultaneously with the benefits under the social security program.

Similar to GSIS, SSS benefits for senior citizens are mainly focused on retirement packages in the form of monthly pensions, which are paid for not less than 60 months. Amount granted as pension is based on the credited years of service (CYS) and average monthly salary credit (AMSC) of the member, and is the highest amount between these formulas:

- (1)  $\text{PHP } 300 + (0.20 \times \text{AMSC}) + [(0.02 \times \text{AMSC}) \times (\text{CYS} - 10)]$
- (2) 20% of AMSC
- (3) PHP 1,200 if CY is at least 10 but less than 20
- (4) PHP 2,400 if CY is 20 or more

The monthly retirement pension are only provided to SSS members who are at least 60 years old (optional retirement) and are separated from employment or has ceased to be self-employed, or those who are 65 years old (mandatory retirement), whether employed or not. Members must also have paid at least 120 monthly contributions prior to the semester of retirement to qualify for monthly retirement pension. Should the member have less than 120 monthly contribution, the member may have an option to have a lump sum amount, or to continue paying contributions to complete the 120 months needed to become eligible for monthly pension.

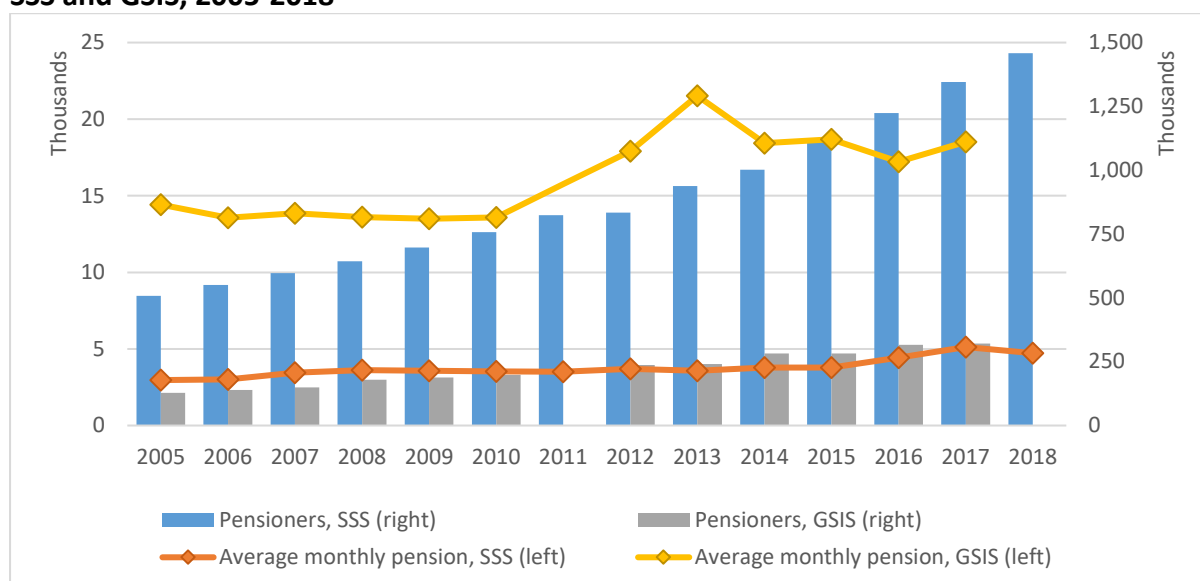
Retirement pensioners of both contributory pension programs are increasing since 2005, with SSS experiencing substantial increase in the number of pensioners (**Figure 10**). As of December 2018, SSS has 2,448,123 social security pensioners who receive regular monthly pension, of which 1,458,847 or 59.6% are enjoying retirement pensions. Meanwhile, GSIS has 321,127 pensioners as of 2017. Across the years, average monthly retirement pension is consistently and substantially higher for GSIS pensioners at PHP 18,525 compared to SSS pensioners PHP 5,123 in 2017. The minimum basic monthly pension of GSIS was at PHP 5,000 since 2013<sup>8</sup>, while that of SSS was at PHP 2,000 as of December 2018<sup>9</sup>.

<sup>7</sup> New SSS Contribution Schedule. [https://www.sss.gov.ph/sss/DownloadContent?fileName=2019\\_Contribution\\_Schedule.pdf](https://www.sss.gov.ph/sss/DownloadContent?fileName=2019_Contribution_Schedule.pdf).

<sup>8</sup> GSIS. 2019. GSIS seeks to increase minimum pension to P6,000. Available at <https://www.gsis.gov.ph/gsis-seeks-to-increase-minimum-pension-to-p6000/>.

<sup>9</sup> SSS. 2019. Facts and Figures as of December 2018. Available at [https://www.sss.gov.ph/sss/DownloadContent?fileName=Facts\\_and\\_Figures\\_December\\_2018.pdf](https://www.sss.gov.ph/sss/DownloadContent?fileName=Facts_and_Figures_December_2018.pdf)

**Figure 10. Number of retirement pensioners and average monthly retirement pension of SSS and GSIS, 2005-2018**



Note: No data for GSIS in 2011

Source: SSS; GSIS; PSA LabStat Updates Vol. 23 No. 1

### 3.3. Non-contributory pension – Social Pension for Indigent Senior Citizens (SPISC)

The SPISC is a program institutionalized by virtue of RA 9994 or the Expanded Senior Citizens Act of 2010 to provide for additional government assistance in the form of monthly stipend to indigent senior citizens.

The SPISC is implemented nationwide since 2011. Eligible beneficiaries of the program are indigent senior citizens, which is defined as those who are frail, sickly or disabled, with no regular income or support from family and relatives, and with no pension from GSIS, SSS, Armed Forces and Police Mutual Benefit Association Inc. (AFPMBAI), or any other insurance company. From 2011 to 2014, the SPISC only targets seniors aged 77 or above. This changed in 2015 to include seniors aged 65 years old or above. As of 2016, all indigent senior citizens (i.e. aged 60 or above) are now eligible for the program.

Based on the DSWD Memorandum Circular No. 04 Series of 2019, the main objective of the SPISC program is to improve the living condition of senior citizens. Specifically, the program aims to augment their capacity to meet their daily sustenance and medical requirements, to reduce incidence of hunger, and to protect them from neglect, abuse or deprivation. To meet these objectives, a monthly stipend of PHP 500 are given to the identified beneficiaries. Starting March 2018, an additional stipend of PHP 200 was provided for by the TRAIN law under the Unconditional Cash Transfer (UCT) program of the government. This monthly additional cash grant from UCT will be increased to PHP 300 in 2019 and 2020 (DSWD, 2018). Meanwhile, there is a pending legislation in the Senate (i.e. Senate Bill 1865 by Senator Angara) to increase the monthly stipend to PHP 1,000 to be provided to all senior citizens without social pension.

Potential beneficiaries of the program are identified based on the list of potential beneficiaries submitted by the Barangay Senior Citizens Association (BSCA) and consolidated by the concerned Office of Senior Citizen Affairs (OSCA) or City/Municipal Social Welfare Development Office (C/MSWDO). Those who are not included in the endorsed list of BSCA

are referred to the concerned OSCA or DSWD Field Office (FO) for assessment against the program qualifications.

The list of potential beneficiaries submitted by the OSCA Head will be cross-matched by the DSWD FO using available data from SSS, GSIS and other insurance agencies to determine if they are existing pensioners. DSWD may coordinate or enter into a Memorandum of Agreement with these agencies and organizations to secure their updated list of pensioners to facilitate the foregoing. Meanwhile, DSWD FO's social workers or focal persons conduct assessments using the General Intake Sheet (GIS) to validate the age and economic status of the potential beneficiaries. Current residency of the senior citizen will also be validated through the coordination of the DSWD FO to Punong Barangays or other officials, and through the issuance of barangay certificate of residency.

After validation and assessment, DSWD FO social workers will submit a report to the Protective Services Unit (PSU) Head for recommendation and approval of the concerned DSWD Regional Director. These assessment reports will then be the basis for the final list of beneficiaries for each city/municipality. The approved list of final beneficiaries will be encoded in the Social Pension Information System (SPIS). A copy of this list will also be provided to the City/Municipal Mayor through the OSCA Head and C/MSWDO, for their information.

All senior citizens listed in the final list of beneficiaries will be informed by the OSCA Heads through a written notification. The beneficiaries are then required to identify at least three authorized representatives, in succession, for cases wherein the beneficiary is unable to receive the social pension. The names and other data of identification of these representatives are also encoded in the SPIS. All beneficiaries and authorized representatives will then be invited to a brief orientation conducted by the DSWD FO to inform them about the procedures in the availment of social pension.

Payouts of social pension are conducted every six months at PHP 500 per month (i.e. at PHP 3,000 per semester). To ensure that the stipend will be given directly to the beneficiaries, the DSWD may employ any of following modalities, depending on which is the most cost-effective and efficient:

- (1) Direct provision of the stipend through an assigned Special Disbursing Officer of the DSWD FO,
- (2) Door-to-door delivery scheme through the engagement of a service provider duly accredited by the Bangko Sentral ng Pilipinas and whose services are procured by the DSWD FO in accordance with existing procurement laws, or
- (3) Crediting of pension to cash cards through an Authorized Government Depository Bank (AGDB).

The exact date (and venue) of the payout are disseminated by the OSCA Heads to the beneficiaries. Beneficiaries are required to present their OSCA ID or any valid government-issued ID that indicates their date of birth to claim the stipend during payout. Should the beneficiary is unable to personally claim the stipend, authorized representatives can claim the social pension upon presentation of their and the beneficiary's valid ID, and a certification from the social pensioner indicating the name of the authorized representative and the reason/s of inability to personally claim the stipend. In case of death or non-appearance of all identified authorized representatives, the DSWD FO will locate and identify another representative in coordination with the C/MSWDO and OSCA.

Social pension beneficiaries may be delisted from the program based on the following grounds listed in **Table 6**. Replacements to the delisted beneficiaries shall be chosen from the master list of qualified senior citizens who are still unserved. Priorities for replacement are given to those coming from the same barangay. Should there be no qualified indigent senior citizens in the same barangay as the delisted beneficiary, the DSWD FO will consider those waitlisted in other barangays within the city/municipality subject to the assessment and approval of the DSWD Regional Director.

**Table 6. Grounds and supporting documents for delisting social pension beneficiaries**

<b>Grounds</b>	<b>Supporting Documents</b>
Death of the beneficiary	Original or certified true copy of the Death Certificate issued by the Office of the Local Civil Registrar, or Certification from the Punong Barangay or Tribal Chieftain attesting to the facts of death of the beneficiary
Transfer of residence	Barangay Certification confirming the transfer of the beneficiary and permanent residence in his/her new address
Cannot be located in last known address within the semester, or during the validation period or home visit by the DSWD FO	Barangay Certification confirming that the beneficiary cannot be located in his/her last known address within the semester or during the period of validation
Currently receiving pension from GSIS, SSS, AFPMBAL, or any other insurance company	Data on the results of cross-matching of the list of social pensioners with the list of GSIS, SSS and AFPMBAL pensioners, and confirmation by the DSWD FO of its validation
Having a regular income or financial support from family or relatives	Assessment report from the DSWD FO indicating that the social pensioner is having a regular income or receiving financial support from his/her family or relatives
Absence for a semestral payout; stipend not claimed within six months	Certification from the DSWD FO validating the absence of the beneficiary for one semestral payout, after conducting a home visit and validation, and indicating the reasons for absence

Source: DSWD Memorandum Circular No. 04, Series of 2019

In case of deceased beneficiaries, stipend for the current semester shall still be released to the authorized representative, upon presentation of a photocopy of his/her valid ID and the death certificate of the beneficiary. The deceased beneficiary will then be delisted from the list for the succeeding semester.

In case of beneficiaries who transferred residence within the region, the pensioners name will be transferred to his/her new address. If the transfer of residence is from one region to another, the beneficiary can still claim the stipend due within the current semester. The DSWD FOs should coordinate in writing regarding the transfer of records of the beneficiary to ensure his/her inclusion in the program and to facilitate continuity of the stipend. The former region will delist the name of the beneficiary from their database once they received the confirmation from the receiving region.

In case of beneficiaries whose address cannot be located within the semester, the BSCA President and the OSCA Head may coordinate to locate the beneficiary, and report the complete or new address to the concerned DSWD FO. For those who are absent during a payout for one

semester, the DSWD FO will conduct home visits within that semester to determine the status and reasons for the absence of the beneficiary. The Punong Barangay may also be tapped to help in locating the beneficiary. In both cases, once the beneficiary is located and validated, the DSWD FO may facilitate payment of the stipend. Should the beneficiary is still not located, the DSWD FO will delist the beneficiary in their database, subject to the applicable requirement/s listed in **Table 6**.

As of 2016, there are 1,274,037 social pensioners nationwide who were provided with cash grants. The number of beneficiaries increased to 3,114,064 as of October 2018.<sup>10</sup> In 2017, DSWD targeted about 2.8 million with a budget of PHP 17 billion. This increased to three million with a budget of about PHP 19.3 billion in 2018 and PHP 23.2 billion in 2019.<sup>11</sup>

### 3.4. *PhilHealth*

The National Health Insurance Program (NHIP), or PhilHealth, is a government corporation attached to the Department of Health (DOH) that aims to “provide health insurance coverage and ensure affordable, acceptable, available, and accessible health care services for all citizens of the Philippines.” Pursuant to RA 7875, PhilHealth seeks to provide equity in healthcare by tapping the resources from financially able to pay for medical services to subsidize those who are not. Being mandated to provide universal coverage, PhilHealth coverage includes the following:

- (1) Members in the formal economy include those with formal contracts and fixed terms of employment including workers in the public and private sector, project-based contractors, household helpers, family drivers, and owners of micro, small, medium and large enterprises
- (2) Members in the informal economy include those individuals ranging from self-earning to migrant workers
- (3) All Overseas Filipinos, documented or not, such as seafarer on board international vessels, sea-based workers, Filipinos with dual citizenship, students with valid student visas, and other Filipinos living abroad
- (4) Lifetime members include those who have reached the age of retirement and have paid at least 120 monthly premium contributions
- (5) Sponsored members include those whose contributions are being paid for by another individual, government agencies or private entities
- (6) Indigent members include those who have no visible means of income, or those whose income is insufficient for family subsistence
- (7) Senior citizens not currently covered by any of the existing membership categories of PhilHealth

The premium contributions of those enrolled under the Senior Citizen category are sourced from the proceeds of the Sin Tax Law. However, those who are currently employed or those who remain to have regular sources of income shall continue to pay premium contributions to PhilHealth under the applicable membership category.

Following the passage of RA 11223 or the Universal Health Care Act on February 2019, membership into the program is simplified into (i) direct contributors, comprising of members

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<sup>10</sup> Philippine Information Agency. 2018. *DSWD reports 2018 accomplishments*. Available at <https://pia.gov.ph/news/articles/1016310>.

<sup>11</sup> Department of Budget and Management. General Appropriations Act.

in the formal and informal economy, professional practitioners, migrant workers, and lifetime members, and (ii) indirect contributors consisting of all others not included as direct contributors.

All PhilHealth members and their dependents, including senior citizens, are entitled to in-patient and outpatient care (e.g. room and board, services of health care professionals, diagnostic and other medical examinations, use of surgical or medical equipment and facilities, prescription drugs, personal preventive services), emergency and transfer services, health education packages, and other appropriate and cost-effective health care services determined by PhilHealth and DOH in all accredited public and private health facilities. Various packages are also introduced by PhilHealth to cater to various health conditions. In 2012, PhilHealth launched the Z benefits package, which aims to provide financial protection for patients with dreaded illnesses under ‘case type Z’ that requires prolonged hospitalization and very expensive treatments. These include heart conditions, kidney disease, and various types of cancer – majority of which are common to senior citizens. In addition, PhilHealth, in support of attaining the Sustainable Development Goals (SDGs), also introduced SDG-related packages, which includes maternal care, voluntary surgical contraception, malaria, HIV-AIDS, anti-tuberculosis, and animal bite treatment packages.

As of 2018, there are 8.8 million senior citizens who are registered members of PhilHealth, of which 1.3 million are categorized as Lifetime Members (i.e. those who have paid 120 monthly premium contributions) (**Table 7**). This is 8.2% higher than previous year’s membership of senior citizens at 8.1 million. This, however, does not include senior citizens who are already covered as members identified through the National Household Targeting Systems for Poverty Reduction (NHTS-PR) or Listahanan of the DSWD, since they are enrolled under Sponsored Members category.

**Table 7. Senior citizen membership\* to PhilHealth, 2014-2018**

Membership Category	2014	2015	2016	2017	2018
Seniors and lifetime members	4,460,554	6,869,631	7,475,224	8,145,200	8,809,875
Senior citizens	3,528,816	5,868,005	6,245,583	6,899,207	7,531,326
Lifetime members	931,738	1,001,626	1,229,641	1,245,993	1,278,549
<b>All Sectors</b>	<b>36,409,410</b>	<b>40,501,872</b>	<b>41,231,849</b>	<b>49,583,787</b>	<b>53,816,468</b>

Note: \*Refers only to registered members; does not include dependents and senior citizens registered under Sponsored Members category

Source: PhilHealth

### 3.5. Other incentives

Aside from discount privileges and tax incentives provided to senior citizens, RA 9994 also exempts senior citizens from paying training fees for socioeconomic programs conducted by various private and government agencies. Moreover, in coordination with and subject to the guidelines of PhilHealth, senior citizens may also enjoy free medical and dental services, and diagnostic and laboratory fees in all government health care facilities. Educational assistance, in the form of scholarships, financial aids, subsidies, allowances and other incentives, may also be provided to senior citizens who wish to pursue post-secondary, tertiary, post-tertiary, or vocation and technical education, provided that they meet the minimum admission requirements. Senior citizens are also given priority in queues in all private, banking, commercial, and government establishments.

Moreover, in line with the implementation of the RA 10693 or the Tax Reform for Acceleration and Inclusion (TRAIN) law, the sale of drugs prescribed for diabetes, high cholesterol and hypertension are exempt from value-added tax starting 2019. These may be beneficial for senior citizens as these diseases are more common in old age.

Meanwhile, all Filipinos who reached the age of 100 years old are entitled to a cash grant amounting to PHP 100,000 as stipulated in RA 10868 or the Centenarians Act of 2016. This cash grant will be provided for through the DSWD. In 2018, 977 centenarians, of which 381 came from NCR, were recognized and awarded by the DSWD<sup>12</sup>.

Lastly, various local governments are providing benefits and incentives to senior citizens residents. These vary from free maintenance medicines and medical services, discounts in addition to those listed in RA 9994, entertainment privileges, birthday incentives, and vehicle coding exemption, among others.

#### 4. Gaps in the policies and programs

Although the policies and programs discussed in the previous section provide income support (i.e. through retirement packages and pensions by SSS and GSIS, social pension, discount privileges, and tax incentives) and health care support (i.e. through health care insurance coverage by PhilHealth) to all senior citizens, there is a need to check the extent of access and whether these programs address the needs of senior citizens.

##### 4.1. Access to social protection programs

Household surveys of the PSA show that in 2017, PhilHealth covers only 51.4% of the total elderly population as members and dependents, despite the universal coverage mandate of the Universal Health Care Act. Although it is far from 100%, coverage has greatly increased by 31 percentage points since 2013. Meanwhile, coverage to SSS or GSIS is at 27.7% in 2017, while social pension beneficiaries cover 21.5% of the total population aged 60 or above. Moreover, about 5.7 million or 67.9% are covered by at least one of these social protection programs, while only 2.5 million or 30.2% are covered by PhilHealth and any of the three income support programs (Table 8).

**Table 8. Senior citizen coverage of various social protection programs, 2013-2017**

Indicator	2013	2014	2016	2017
Population aged 60 or above	7,072,376	7,353,178	7,998,312	8,364,811
Covered by at least one program	2,197,340	2,537,555	4,634,636	5,678,978
<i>% population 60 or above</i>	<i>31.1</i>	<i>34.5</i>	<i>57.9</i>	<i>67.9</i>
Covered by health and any income support	791,604	889,641	1,883,360	2,525,197
<i>% population 60 or above</i>	<i>11.2</i>	<i>12.1</i>	<i>23.5</i>	<i>30.2</i>
<b>Income support programs</b>				
SSS	1,225,392	1,489,432	1,681,225	1,917,970
<i>% population 60 or above</i>	<i>17.3</i>	<i>20.3</i>	<i>21.0</i>	<i>22.9</i>
GSIS	387,350	351,219	401,490	495,201
<i>% population 60 or above</i>	<i>5.5</i>	<i>4.8</i>	<i>5.0</i>	<i>5.9</i>
Social Pension	..	..	802,018	1,799,721
<i>% population 60 or above</i>	<i>..</i>	<i>..</i>	<i>10.0</i>	<i>21.5</i>

<sup>12</sup> Philippine Information Agency. 2018. *DSWD reports 2018 accomplishments*. Available at <https://pia.gov.ph/news/articles/1016310>.



Indicator	2013	2014	2016	2017
Any income support program	1,547,005	1,787,146	2,747,750	3,908,307
% population 60 or above	21.9	24.3	34.4	46.7
<b>Health care support program</b>				
Philhealth	1,441,939	1,640,050	3,770,246	4,295,868
% population 60 or above	20.4	22.3	47.1	51.4

Notes:

1. Sample may not be representative of sectors/groups.
2. Income support programs pertain to SSS, GSIS and social pension program.

Source: Authors' estimates using Annual Poverty Income Survey

Female senior citizens generally have a disadvantage in accessing these social protection programs, with 26.8% coverage in PhilHealth and any of the three income support programs in 2017 compared to coverage of males at 34.4% (**Table 9**).

**Table 9. Senior citizen coverage of various social protection programs by sex, 2016-2017**

Indicator	2016		2017	
	Male	Female	Male	Female
Number of seniors	3,580,914	4,417,398	3,752,154	4,612,657
Covered by at least one program	2,272,969	2,361,667	2,669,189	3,009,789
% population 60 or above	63.5	53.5	71.1	65.3
Covered by health and any income support	972,798	910,563	1,288,901	1,236,297
% population 60 or above	27.2	20.6	34.4	26.8
<b>Income support programs</b>				
SSS	929,042	752,184	1,114,814	803,156
% population 60 or above	25.9	17.0	29.7	17.4
GSIS	146,633	254,857	154,013	341,187
% population 60 or above	4.1	5.8	4.1	7.4
Social Pension	360,318	441,700	791,069	1,008,652
% population 60 or above	10.1	10.0	21.1	21.9
Any income support program	1,366,116	1,381,635	1,897,301	2,011,006
% population 60 or above	38.1	31.3	50.6	43.6
<b>Health care support program</b>				
Philhealth	1,879,651	1,890,595	2,060,789	2,235,079
% population 60 or above	52.5	42.8	54.9	48.5

Notes:

1. Sample may not be representative of sectors/groups.
2. Income support programs pertain to SSS, GSIS and social pension program.

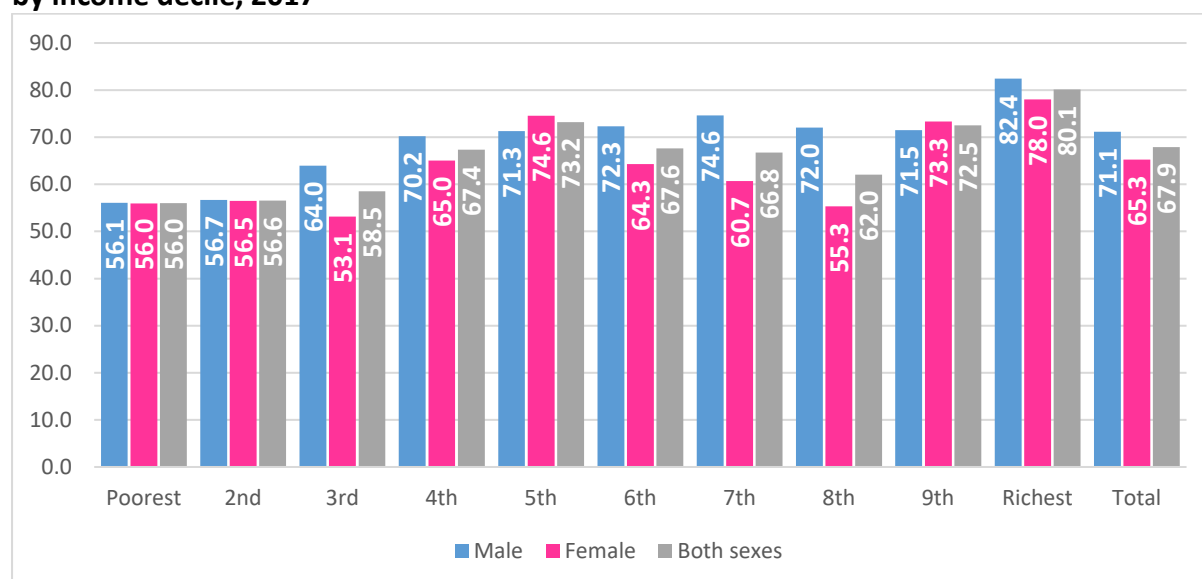
Source: Authors' estimates using Annual Poverty Income Survey

These findings show that there is still a great percentage of senior citizens (32.1%) without access to any of these social protection programs of the government. Across income deciles, the bottom 20% has the lowest share of elderly population with access to any of these programs, at only 56.0% and 56.6% of the elderly population in the bottom and 2<sup>nd</sup> decile, respectively (**Figure 11**). In terms of sex, females across income deciles are generally disadvantaged compared to males.

Particular focus should be given to females given that they are significantly at a disadvantage, particularly in terms of access to retirement or old-age pensions, compared to males. This may have stemmed from the low labor participation rates of females, since retirement pensions of

GSIS and SSS require prior employment experience in the public and private sector, respectively.

**Figure 11. Share of elderly population with access to at least one social protection program by income decile, 2017**



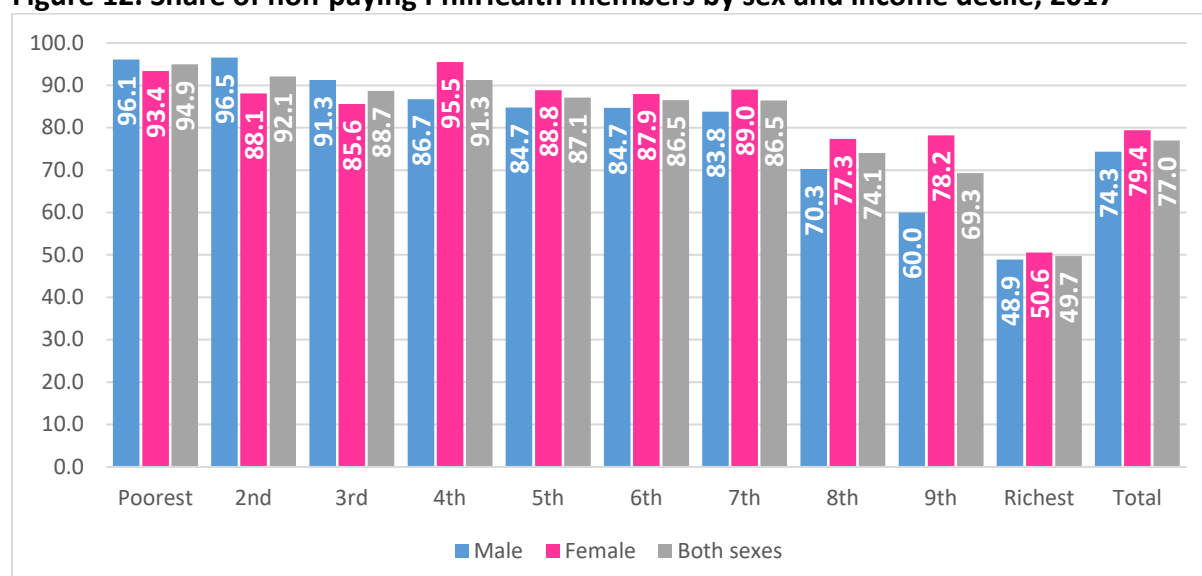
Note: Sample may not be representative of sectors/groups

Source: Authors' estimates using Annual Poverty Income Survey

## 4.2. PhilHealth

Majority of senior citizen members and dependents enjoy free health care insurance coverage (**Figure 12 and 13**). In 2017, 77.0% of all PhilHealth members are non-paying members, while 23.5% are paying members. Across income deciles, almost all in the bottom deciles are non-paying PhilHealth members. Males in the bottom 30% are better off compared to females.

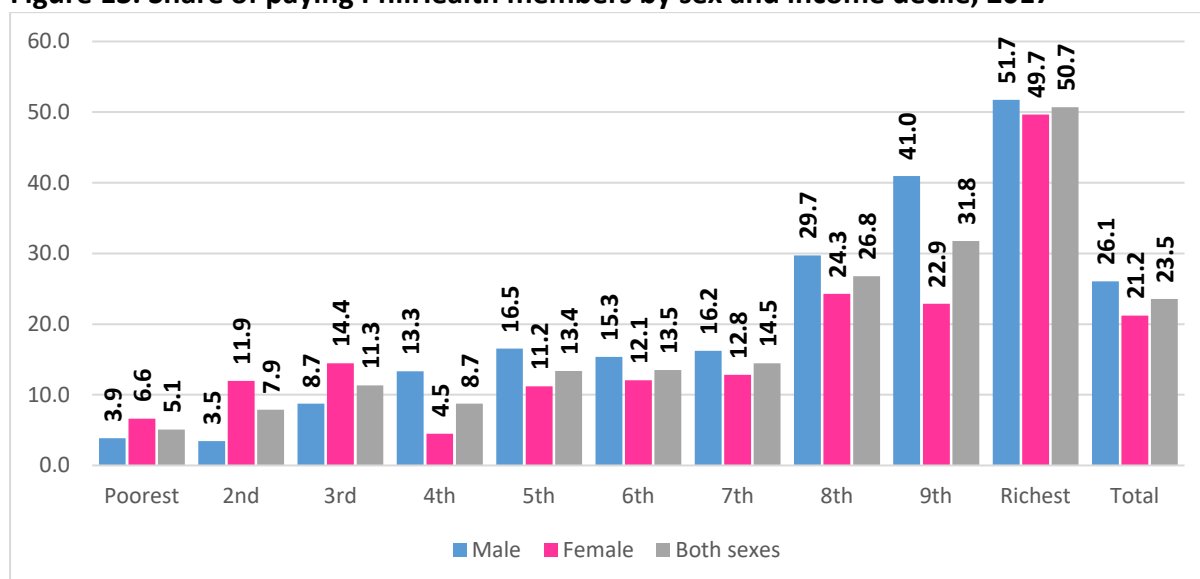
**Figure 12. Share of non-paying PhilHealth members by sex and income decile, 2017**



Note: Sample may not be representative of sectors/groups

Source: Authors' estimates using Annual Poverty Income Survey

**Figure 13. Share of paying PhilHealth members by sex and income decile, 2017**



Note: Sample may not be representative of sectors/groups

Source: Authors' estimates using Annual Poverty Income Survey

Senior citizens and lifetime members comprise the highest share of total benefit payments (**Table 10**) and processed claims (**Table 11**) of PhilHealth throughout the years. In 2018, PhilHealth paid 31.2 billion as benefit payment and 29.8 billion as claims payment to senior citizens and lifetime members.

**Table 10. PhilHealth benefit payments (in million PHP) by membership category, 2017-2018**

Membership Category	2017		2018	
	Amount	% Share	Amount	% Share
Senior citizens and lifetime members	29,482	25.7	31,166	25.7
Indigent	21,283	18.6	31,118	25.7
Formal economy	26,709	23.3	25,779	21.3
Informal economy	24,460	21.3	23,302	19.3
Sponsored	12,726	11.1	9,676	8.0
<b>All Sectors</b>	<b>114,660</b>	<b>100.0</b>	<b>121,041</b>	<b>100.0</b>

Source: PhilHealth

**Table 11. PhilHealth claims processing by membership category, 2018**

Membership Category	Total Amount of Claims Paid (in million PHP)		Total Number of Claims Paid	
	Amount	% Share	Number	% Share
Senior citizens and lifetime members	29,782	26.0	2,750,846	23.2
Informal economy	23,300	20.3	2,722,696	22.9
Formal economy	25,937	22.6	2,573,703	21.7
Indigent	23,520	20.5	2,564,422	21.6
Sponsored	12,020	10.5	1,257,610	10.6
<b>All Sectors</b>	<b>114,558</b>	<b>100.0</b>	<b>11,869,277</b>	<b>100.0</b>

Source: PhilHealth

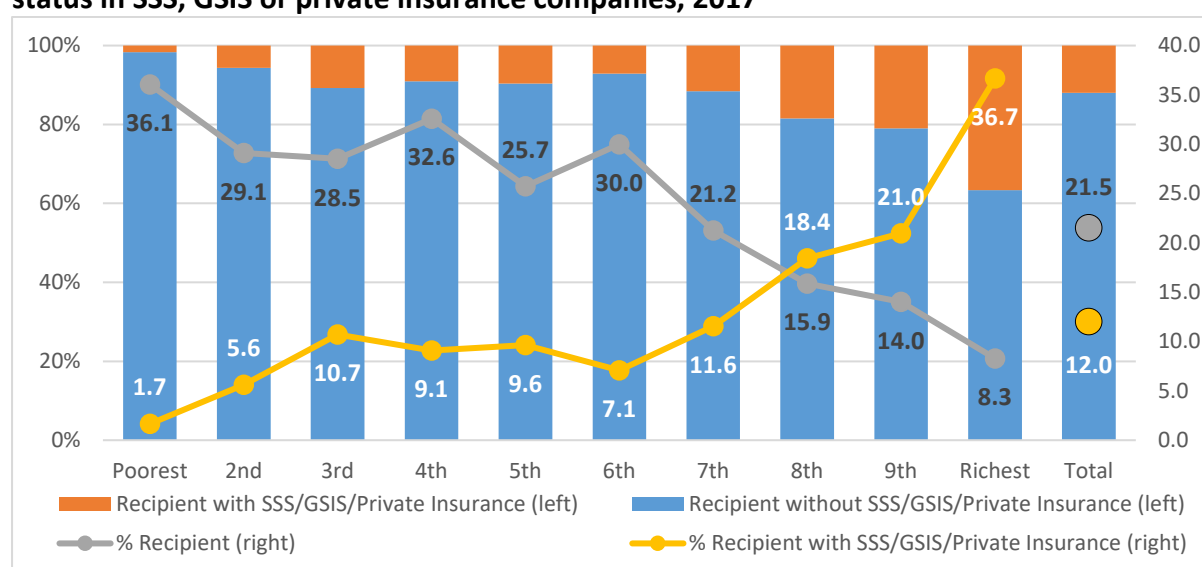
This high percentage share of elderly members implies great health care needs of senior citizens. Although majority of PhilHealth members in the lowest income deciles enjoy free

health insurance coverage, greater effort is needed to realize the universal coverage stipulated in the Universal Health Care Act.

### 4.3. Social pension

Further analysis of the social pension (**Figure 11**) shows that 12.0% of all social pension beneficiaries are also members of the SSS, GSIS and/or private insurance companies. These proportions for the two poorest income deciles are minimal (i.e. less than 6.0%). Meanwhile, the highest proportion of such come the ninth (21.0%) and the richest income decile (36.7%). These findings are in contrast with the eligibility requirements of the program, (e.g. indigency and those not covered by any insurance programs).

**Figure 14. Proportion of social pension beneficiaries by income decile and membership status in SSS, GSIS or private insurance companies, 2017**



Note: Sample may not be representative of sectors/groups

Source: Authors' estimates using Annual Poverty Income Survey

The inclusion of ineligible beneficiaries means that more beneficiaries that are eligible are waitlisted to the program. Similar to other programs, there is a trade-off between equity and effectiveness. As much as the government wants to cover as many of the eligible beneficiaries as possible, this implies smaller cash transfers for each senior citizen given the limited resources. Currently, the monthly cash transfer of PHP 500 is equivalent to about a fourth of the poverty threshold, which is not enough to cover even the basic food needs. An alternative would be to focus on the most needy and provide a bigger cash transfer.

### 4.4. SSS and GSIS

The minimum basic monthly pension of GSIS was at PHP 5,000 since 2013, while that of SSS was at PHP 2,000 as of December 2018. On the average, GSIS pensioners receive PHP 18,525, while SSS pensioners receive PHP 5,123 in 2017. The lower pension received by SSS pensioners stem from the significantly lower monthly contributions of SSS members compared to GSIS members (**Table 12**).

As discussed in Section 3.2, monthly contributions in SSS is at 12% of the monthly salary credit of the member, of which the 4% is shouldered by the employee. Meanwhile, monthly

contributions in GSIS is at 21% of the actual monthly salary of the member, of which the 9% is shouldered by the member.

**Table 12. Monthly contribution in SSS and GSIS**

SSS (Private sector)							GSIS (Public sector)		
Range of compensation	Monthly Salary Credit	Monthly Contribution					Salary Grade (SG)	Monthly Salary	Monthly Contribution
		EE	SE/ VM/ NWS	HH	OFW (1)	OFW (2)			
Below 2,250	2,000	80	240	..	320	960	..	..	..
2,250 – 2,749.99	2,500	100	300	..			..	..	..
2,750 – 3,249.99	3,000	120	360	..			..	..	..
3,250 – 3,749.99	3,500	140	420	..			..	..	..
3,750 – 4,249.99	4,000	160	480	..			..	..	..
4,250 – 4,749.99	4,500	180	540	..			..	..	..
4,750 – 5,249.99	5,000	200	600	200			..	..	..
5,250 – 5,749.99	5,500	220	660	220			..	..	..
5,750 – 6,249.99	6,000	240	720	240			..	..	..
6,250 – 6,749.99	6,500	260	780	260			..	..	..
6,750 – 7,249.99	7,000	280	840	280			..	..	..
7,250 – 7,749.99	7,500	300	900	300			..	..	..
7,750 – 8,249.99	8,000	320	960	320			..	..	..
8,250 – 8,749.99	8,500	340	1,020	340	340	1,020	..	..	..
8,750 – 9,249.99	9,000	360	1,080	360	360	1,080	..	..	..
9,250 – 9,749.99	9,500	380	1,140	380	380	1,140	..	..	..
9,750 – 10,249.99	10,000	400	1,200	400	400	1,200	..	..	..
10,250 – 10,749.99	10,500	420	1,260	420	420	1,260	..	..	..
10,750 – 11,249.99	11,000	440	1,320	440	440	1,320	SG 1	11,068	996.12
11,250 – 11,749.99	11,500	460	1,380	460	460	1,380	..	..	..
11,750 – 12,249.99	12,000	480	1,440	480	480	1,440	SG 2	11,761	1,058.49
12,250 – 12,749.99	12,500	500	1,500	500	500	1,500	SG 3	12,466	1,121.94
12,750 – 13,249.99	13,000	520	1,560	520	520	1,560	SG 4	13,214	1,189.26
13,250 – 13,749.99	13,500	540	1,620	540	540	1,620	..	..	..
13,750 – 14,249.99	14,000	560	1,680	560	560	1,680	SG 5	14,007	1,260.63
14,250 – 14,749.99	14,500	580	1,740	580	580	1,740	..	..	..
14,750 – 15,249.99	15,000	600	1,800	600	600	1,800	SG 6	14,847	1,336.23
15,250 – 15,749.99	15,500	620	1,860	620	620	1,860	SG 7	15,738	1,416.42
15,750 – 16,249.99	16,000	640	1,920	640	640	1,920	..	..	..
16,250 – 16,749.99	16,500	660	1,980	660	660	1,980	..	..	..
16,750 – 17,249.99	17,000	680	2,040	680	680	2,040	SG 8	16,758	1,508.22
17,250 – 17,749.99	17,500	700	2,100	700	700	2,100	..	..	..
17,750 – 18,249.99	18,000	720	2,160	720	720	2,160	SG 9	17,975	1,617.75
18,250 – 18,749.99	18,500	740	2,220	740	740	2,220	..	..	..
18,750 – 19,249.99	19,000	760	2,280	760	760	2,280	SG 10	19,233	1,730.97
19,250 – 19,749.99	19,500	780	2,340	780	780	2,340	..	..	..
19,750 and above	20,000	800	2,400	800	800	2,400	SG 11	20,754	1,867.86

Notes:

1. EE – employee; SE – self-employed; VM – voluntary members; NWS – non-working spouse; HH – household helpers; OFW (1) – land-based OFWs with bilateral labor agreement and sea-based OFWs, and; OFW (2) – land-based OFWs without bilateral labor agreement.
2. Monthly salary for government employees is the Step 1 compensation under the fourth tranche monthly salary schedule for civilian personnel of the national government under the Salary Standardization Law implemented in 2019.

Source: SSS Contribution Table as of April 2019; SSL 2015; Authors' computation

The lowest possible monthly contribution in the SSS is PHP 80 for employees, PHP 200 for household helpers, PHP 240 for self-employed and voluntary members, or PHP 320 for OFWs. In comparison, the monthly contribution of government employees in the lowest salary grade is at PHP 996.12.

Meanwhile, the highest monthly contribution in SSS is at PHP 740 for employees. This is because the monthly salary credit in SSS is fixed at PHP 20,000 for compensations ranging from PHP 19,750 and above. Government salaries within this range cover positions assigned to Salary Grades 11 (PHP 20,754) and above, which is equivalent to a monthly contribution of at least PHP 1,867.86.

In addition, the Salary Standardization Law of 2015 (SSL 2015) was introduced as a compensation adjustment strategy to be carried out in four tranches until 2019. With the SSL 2015, the salaries of government workers have increased significantly and have approached salaries in the private sector. Essentially, the SSL 2015 increase the salaries and benefits of government personnel by a weighted average of 45%, which brings the compensation of all government workers to at least 70% of the market rate.<sup>13</sup> This implies that the monthly pension for government workers will go up significantly for those who have recently retired or will be retiring soon. On the other hand, the relatively lower pension from SSS encourages private firms to establish their own retirement packages.

#### 4.5. Senior citizen discounts

FIES data show that households in higher income deciles spend more on various goods and services in which senior citizens are entitled to discount and tax exemption privileges (**Table 13**).

**Table 13. Average annual spending on various goods and services of households with at least one senior citizen member, 2015**

Income decile	Medical products, appliances, equipment	Medical services	Dental services	Air transport	Sea transport	Restaurant and hotels	Recreation
First	684.77	144.28	1.72	0.00	109.64	3,734.19	467.40
Second	1,326.48	240.06	6.60	11.68	99.63	5,200.59	498.55
Third	1,354.32	241.46	4.46	21.06	133.05	5,827.87	452.87
Fourth	1,963.73	266.25	8.92	46.59	177.15	7,871.54	568.88
Fifth	2,348.48	430.45	16.05	144.99	105.01	9,959.40	754.71
Sixth	3,401.43	632.26	26.65	29.08	108.26	12,650.57	881.86
Seventh	4,579.95	710.95	37.04	205.31	92.09	15,687.32	1,073.69
Eighth	6,225.40	985.43	80.46	231.53	83.57	17,819.74	1,516.72
Ninth	9,170.22	2,277.76	100.71	540.04	216.78	23,016.43	2,095.43
Tenth	18,645.15	5,265.53	272.45	2,847.63	289.18	35,282.82	5,606.31
<b>Total</b>	<b>6,500.62</b>	<b>1,534.56</b>	<b>77.79</b>	<b>614.52</b>	<b>154.88</b>	<b>16,608.79</b>	<b>1,801.36</b>

Notes:

1. Sample may not be representative of sectors/groups.
2. This may not reflect actual spending of senior citizen members.

Source: Authors' estimates using Family Income and Expenditure Survey

<sup>13</sup> Department of Budget and Management. *What is the Salary Standardization Law of 2015?* Available at <https://www.dbm.gov.ph/wp-content/uploads/SSL2015/FAQs%20SSL%202015%20as%20of%2011.24.2015.pdf>.

Between households in the bottom and richest income decile, there is a significant disparity in the average annual expenses for medical services, recreation, air transportation, and restaurant and hotels. Although these may not reflect the actual spending of senior citizens themselves, these results suggest that senior citizens in higher income groups tend to benefit more from the discount and tax exemption privileges.

## **5. Recommendations**

Social protection programs for the elderly must be directed towards improving the access of sectors that currently have lower access. While there are laws and programs currently in place to provide health and income protection to senior citizens, intended beneficiaries must be made aware of the existence or guidelines in accessing these programs. Based on this paper's findings, the subsectors with low access include female senior citizens and those in the lowest income deciles. Promoting employment of women in the labor force may improve their access to these social protection programs when they reached the age of 60 since contributory pension programs of the government are only accessible for those previously employed. Moreover, there must be greater effort in increasing awareness of senior citizens to these programs, with particular focus to poor senior citizens and in disadvantaged sectors to address access issues of those in the lowest income deciles.

There is also a need to re-examine the implementation of the social pension program, particularly on meeting the eligibility requirements. The results indicate that there are beneficiaries who are also receiving other forms of income support. Given the limited budget of DSWD, this high leakage rate poses as a barrier to access by other indigent senior citizens currently not in the program. Having a database of senior citizens and a better targeting system might improve access of indigent seniors to the social pension program.

In addition to this, the PHP 500 monthly stipend, corresponding to only 24% of the per-capita poverty threshold or 34.1% of the per-capita food threshold in the first semester of 2018<sup>14</sup>, may not be adequate to sustain the day-to-day needs of indigent senior citizens, particularly if given only every six months. The government may need to revisit the amount and frequency of payouts of the social pension program. Increasing the monthly stipend while improving the targeting system to target indigent senior citizens will ensure that the social pension will be an effective social protection program for poor and disadvantaged senior citizens.

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<sup>14</sup> In the first semester of 2018, a family of five needed no less than PHP 7,337, on average, to meet the family's basic food needs (food threshold) or no less than PHP 10,481, on average, to meet both basic food and non-food needs (poverty threshold) for a month (PSA 2019).

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