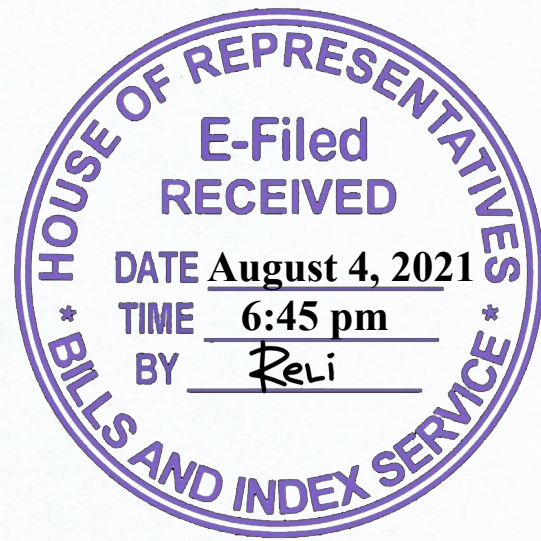




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 9927



Introduced by Representatives
ARGEL JOSEPH T. CABATBAT and JOSE CHRISTOPHER Y. BELMONTE

EXPLANATORY NOTE

Along with the country's economic development is the upsurge of economic activities resulting in the explosion of demand for security services. As of 2016, the Philippine National Police (PNP) licensing office pegs the number of security guards at 500,000, excluding those directly hired as bodyguards. Hence, the presence of security guards has become part of our life as we encounter them in schools, malls, supermarkets, retail stores, public and private offices, and even in private homes. They play significant roles in varying aspects of our day-to-day lives.

Meanwhile, the PNP deems security guards to be "force multipliers" especially where police cannot conduct regular patrolling of some areas. Consequently, the danger is inherent in the performance of their duties. Despite that, they regularly experience work-related issues such as extended working hours without overtime pay, work on weekends and holidays with regular day rates, and deprived of lawful benefits.

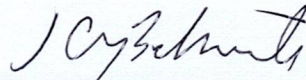
In response, the Department of Labor and Employment (DOLE) issued Department Order No. 150-16, updating the rules on employment and proper working conditions for security guards and other private security personnel. Moreover, it outlines the benefits they are entitled to, including the retirement pay. However, the document does not obligate the Security Service Contractor (SSC) and Private Security Agency (PSA) to establish a retirement plan for security employees' retirement pay. In other words, despite the encountered risks and countless of hours of service, there is no guarantee that this considered frontline personnel will receive their lawful benefits upon retirement.

The proposed bill seeks to give importance to the needs of security guards and other private security personnel in their old age, long after they have served. This will ensure that their lawful benefit upon retirement is preserved and protected.

For these reasons, the approval of this bill is earnestly sought.



ARGEL JOSEPH T. CABATBAT
Representative, Magsasaka Partylist



JOSE CHRISTOPHER Y. BELMONTE
Representative, 6th District of Quezon City



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HOUSE BILL NO. 9927

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**AN ACT ESTABLISHING
THE SECURITY INDUSTRY EMPLOYEES RETIREMENT ACCOUNT**

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

Section 1. Title. – This act shall be known as the “*Security Industry Employees Retirement Account (SIERA)*.”

Sec. 2. Declaration of Policy. – It is hereby declared the policy of the State to guarantee the protection and holding of the rights and welfare of workers who are recognized to play crucial roles in the economy and nation-building through labor.

To this end, the State shall give due consideration to the naturally occurring trilateral relationship of the principal, security service contractor or agency, and the security guard or other private security personnel in the security industry. Therefore, in keeping with its responsibility to mediate and regulate the relationship between workers and employers, and mindful of this trilateral relationship, the State shall ensure that the workers in the security industry, irrespective of the status of their employment, shall be provided of all their lawful benefits, including the retirement pay.

Sec. 3. Definition of Terms. – For the purpose of this Act, the following terms shall mean:

- a) Contribution – The amount paid by the employer to the Security Industry Employee Retirement Account of an employee, which is equivalent to the retirement pay under Section 5 of Republic Act No. 7641;
- b) Employee – Any person who renders service as a security guard, private detective, private security personnel, or government security personnel to private and/or government security, detective, investigative agencies or operators;

- 1 c) Employer – Synonymous with Security Service Contractor (SSC) or a Private Security
2 Agency (PSA) or Private Detective Agency (PDA), is any person, partnership, association,
3 private corporation or firm engaged in contracting, recruitment, furnishing, or posting
4 security guard, private detective, private security personnel, or government security
5 personnel to provide security or detective needs of, whether private or public,
6 individuals, household, business, corporations, offices, organizations;
7 d) Principal – Any individual, household, business, corporation, office, and organization,
8 whether a public or private entity, who or which contracts out the service of
9 SSC/PSA/PDA for their security and/or detective needs;

10 **Sec. 4. Security Industry Employees Retirement Account (SIERA).** – To carry out the
11 purpose of this Act, the Security Industry Employee Retirement Account, herein referred to
12 as SIERA, is hereby created.

13 All private security, detective, investigative agencies or operators, through the Department
14 of Labor and Employment (DOLE), shall establish, within six (6) months upon the approval
15 of this Act, a SIERA account of every security guard employee and private security personnel,
16 whether deployed or assigned as a reliever, seasonal, or temporary. The employee SIERA
17 account shall be created from the contributions of the principal to the employee's retirement
18 pay benefit. These contributions shall form the SIERA Fund and shall be held-in-trust and
19 managed by the Employees Compensation Commission (ECC).

20 The ECC shall have the authority to manage, invest, and reinvest the SIERA Fund in favor of
21 the employee: *Provided*, That the employee shall be informed, either in writing or in
22 electronic form, of all investment decisions made on the employee's behalf and supplied with
23 a written quarterly and year-end reports of all investment undertaken for SIERA Fund by the
24 ECC.

25 **Sec. 5. Contributions.** – A Security Service Contractor (SSC), Private Security Agency (PSA),
26 or Private Detective Agency (PDA) is required to pay contributions for the security guard
27 employee and/or private security personnel equivalent to the retirement pay benefit
28 mandated under the Labor Code of the Philippines and shall be separate from the Social
29 Security contributions, Pag-IBIG contributions, PhilHealth contributions, contributions
30 required under the Employees Compensation Program, and other contributions mandated
31 under the existing laws.

32 **Sec. 6. Coverage.** – This Act shall apply to all SSC/PSA/PDA who shall be compelled to make
33 contributions as retirement pay of the security guard, private detective, and other private
34 security personnel, regardless of their position, designation, assignment, or status of
35 employment, under the agency or operator's employ.

36 **Sec. 7. Separation from and Transfer of Employment.** – When an employee is separated
37 from or has transferred employment, all contributions paid to the employee's SIERA account
38 shall be credited to him, and the employee shall be accorded with all benefits under the
39 provisions of this Act.
40

1 **Sec. 8. Tax Treatment of Investment Income.** – All income earned from the investments and
2 reinvestments of the SIERA Fund is tax-exempt.

3 **Sec. 9. Tax Treatment of Distributions.** – All retirement pay distributions provided under
4 this Act may be tax-exempt in accordance with requirements set by the Bureau of Internal
5 Revenue and the Retirement Pay Law of the Labor Code of the Philippines.

6 **Sec. 10. Eligibility of Retirement Benefits.** – An employee shall be eligible for retirement
7 benefits under this Act when he has a) served at least five (5) years, including authorized
8 absences, vacation leave, and regular holidays, in an SSC/PSA/PDA employer; b) reached the
9 optional retirement age of fifty-six (56) years; or c) reached the compulsory retirement age
10 of sixty-five (65) years: *Provided*, That the employee may have the option to continue or
11 continue his services upon agreement of the employer and employee.

12 **Sec. 11. Distribution of Retirement Benefits.** – Distribution of all contributions and incomes
13 derived from investment and reinvestment of the employee's SIERA account in the SIERA
14 Fund shall be made to the employee or their beneficiaries, either in a lump sum and/or
15 pension for a definite period or lifetime pension. The full amount of retirement benefits under
16 the employee's SIERA account shall be made upon the death of the employee, irrespective of
17 the age of the employee at the time of death or the length of service provided to the employer.

18 **Sec. 12. Penalties.** – An employer who refuses or neglects to carry out, willfully circumvents,
19 renders ineffective or violates any provisions of this Act shall be subject to penal provisions
20 provided under Articles 288 and 289 of the Labor Code of the Philippines.

21 **Sec. 13. Implementing Rules and Regulations.** – The DOLE with the BIR, and other relevant
22 stakeholders, shall formulate and issue the implementing rules and regulations within sixty
23 (60) days from the effectivity of this Act.

24 **Sec. 14. Separability Clause.** – If for any reason any portion or provision of this Act shall be
25 held unconstitutional or invalid, the remaining provisions not affected thereby, shall continue
26 to be in full force and effect.

27 **Sec. 15. Repealing Clause.** – All laws, decrees, executive orders, proclamations, rules,
28 regulations, and other issuances or parts thereof which are inconsistent with the provisions
29 of this Act are hereby repealed, amended or modified accordingly.

30 **Sec. 16. Effectivity Date.** – This Act shall take effect fifteen (15) days after publication in the
31 Official Gazette and two (2) national newspapers of general circulation.

Approved,