A BILL FOR AN ACT

To further amend title 52 of the Code of the Federated States of Micronesia, as amended, by amending section 508, as enacted by Public Law No. 9-155, to set limitations on the use of funds in the Retirement Fund, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1. Section 508 of title 52 of the Code of the Federated States of Micronesia, as enacted by Public Law No. 9-155, is hereby amended to read as follows:

"Section 508. Program Loan Fund.

(1) The program shall be funded from loan proceeds obtained from the Asian Development Bank, or from funds from the General Fund otherwise appropriated for such use, as authorized by law. Upon disbursement of the loan proceeds, such funds shall be deposited in a National Government Employee's Early Retirement Fund ('Retirement Fund') which is hereby created and established. The Retirement Fund shall be separate from the General Fund or any other funds of the National Government. Money in the Retirement Fund shall be invested prudently.

(2) In order to facilitate the National Government's repayment of the funds borrowed from the Asian Development Bank as authorized by law, the National Government shall continue to appropriate funds for each position abolished and vacated pursuant to the program in the same amount budgeted for each fiscal year of the program for each respective position held by the employee. The funds so appropriated shall be deposited by the President, or his designee, in the Retirement Fund. On or before September 30, 2001, the balance in
the Retirement Fund must equal or exceed the principal amount borrowed from the Asian Development Bank. At any time during the term of the loan, if the amount in the Retirement Fund exceeds the principal amount remaining, the amount in excess of the principal may be withdrawn and revert to the General Fund.

(3) Money deposited into the Retirement Fund other than the loan proceeds and income thereof may only be withdrawn, unless otherwise provided by law, by the President, or his designee, for the repayment of the loan or as funds in excess of the principal amount remaining as provided for in subsection (2) of this section. Money deposited in the Retirement Fund from the loan proceeds and the income thereof may only be withdrawn, unless otherwise provided by law, by the President, or his designee, for the following purposes:

(a) payment of compensation to employees participating in the program;

(b) payment to the SSA for payments and the administration of compensation to employees participating in the program and pursuant to section 506 of this chapter;

(c) repayment of any loan obligations directly related to the program; [cr]

(d) payment for training costs related to the
program, but not exceeding $175,000 in total; or
(e) relending to the States for their early
retirement programs.
(4) Any funds remaining in the Retirement Fund after
the loan has been paid in full shall revert to the
General Fund."

Section 2. This act shall become law upon approval by the
President of the Federated States of Micronesia or upon its becoming
law without such approval.

Date: 7-13-97

Introduced by: Dohsis Halbert