A BILL FOR AN ACT

To further amend title 53 of the Code of the Federated States of Micronesia, as amended, by further amending section 603, as amended by Public Laws Nos. 5-120 and 7-118, by further amending section 801, as amended by Public Law No. 5-120, by amending section 802, and by further amending section 803, as amended by Public Law No. 9-056, to make changes in the Social Security Act, and for other purposes.

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

1. Section 1. Section 603 of title 53 of the Code of the
2. Federated States of Micronesia, as amended by Public Laws Nos. 5-120
3. and 7-118, is hereby further amended to read as follows:
4. "Section 603. Definitions. In this chapter, unless the
5. context otherwise requires, the following definitions
6. shall be applicable:
7. (1) 'Application' means the prescribed form or forms
8. provided to individuals by the social security
9. administrator as the exclusive means by which an
10. individual may apply for the payment of any benefit
11. provided for in sections 801, 802 or 803 of this act.
12. (1)(2) 'Became disabled' means the first month in which an
13. individual is under a disability [and is both fully and
14. currently insured].
15. (1)(3) 'Board' means the Federated States of Micronesia
16. Social Security Board provided for by section 701 of this
17. subtitle.
18. (1)(4) 'Child or spouse' means that an applicant is the
19. child or spouse of an individual if the court of the
20. State in which the individual was domiciled at the time
21. of his death has or would find the applicant to be the
22. individual's child or spouse in determining the
23. devolution of intestate personal property.
24. (1)(5) 'Contributions' means the tax imposed upon income
25. of covered employees and the tax imposed upon employers
on account of wages paid to a covered employee.

(5) "Disability" means inability to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months.

(6) "Earnings test" means that an individual who receives a retirement, disability, or survivor benefit and who works in covered or noncovered employment shall have his quarterly benefit reduced by one dollar for each two dollars earned in a quarter, except there shall be no reduction for the first $300 earned in a quarter. The reduction shall be applied in one of the subsequent two quarters immediately after the quarter in which the earnings were made, or as soon as possible thereafter.

(7) "Employee" means:

(a) any officer of a corporation; or

(b) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee; or

(c) any self-employed person who has at least one employee for whom he is required to report in a given quarter; or

(d) any self-employed person who had more than
$10,000 of annual gross revenue in the preceding calendar year.

(1) 'Employment' means any service by an employee for an employer incorporated or doing business within the Federated States of Micronesia employing him, irrespective of where such employment is performed, except family employment.

(9) 'Family employment' means employment of a worker by a member of the household, a parent or a son or daughter except that the worker may apply to the Board for a determination that such employment is bona fide covered employment subject to this subtitle.

(11) 'Insured status' can mean any of the following:

(a) 'Currently insured individual' means any individual who has had not less than eight quarters of coverage during the thirteen quarter period ending with:

   (i) the quarter in which he died; or
   (ii) the quarter in which he became entitled to old age insurance benefits; or
   (iii) the quarter in which he became disabled, whichever first occurs.

(b) 'Fully insured individual' means any individual who has not less than one quarter of coverage for each year beginning after June 30, 1968, or for each year after attaining the age of twenty-one, whichever is
later, and up to but excluding the year in which he
attained retirement age, became disabled, or died,
whichever first occurred, except that in no case shall an
individual be a fully insured individual unless he has at
least twelve quarters of coverage.

(1212) 'Quarter' and 'calendar quarter' mean a period of
three calendar months ending on March 31st, June 30th,
September 30th, or December 31st. 'Quarter of coverage'
means a quarter in which the individual has been paid
fifty dollars or more in wages in employment subject to
this subtitle.

(1212) 'Wages' means remuneration paid subject to the
provisions of this subtitle, including the cash value of
all remuneration paid in any medium other than cash and
remuneration accruing to a self-employed person.
Remuneration accruing to a self-employed person shall be
deemed to be twice the amount paid to the highest paid
employee reported by the self-employed person in a
quarter, [$3,000 maximum per quarter] with a
maximum of $3,000 through June 30, 2000 and a maximum of
$5,000 thereafter. Remuneration accruing to a self-
employed person who has no covered employees shall, for
each quarter of a year, be deemed to be 2.5 percent of
the gross revenue of the business for the previous
calendar year, subject to a $3,000 maximum through June
30, 2000 and a maximum of $5,000 thereafter.

Remuneration paid for any service which is more or less
than a whole dollar shall, as may be prescribed by
regulations, be computed to the nearest dollar. Wages
shall not include:

(a) that part of remuneration in excess of $3,000
through June 30, 2000 or in excess of $5,000 thereafter,
paid in a quarterly reporting period by one employer;

(b) any payment on account of sickness or accident
disability, or medical or hospitalization expenses made
by an employer to or on behalf of an employee;

(c) any payment made to or on behalf of an
employee or to the employee's beneficiary from a trust or
annuity;

(d) remuneration paid in any medium other than
cash to an employee for service not in the course of the
employer's trade or business or for domestic service in a
private home of an employer;

(e) remuneration paid for casual or intermittent
labor not performed in the course of the employer's trade
or business when such employment does not exceed
employment in more than one week in each calendar month
of each quarterly reporting period; and

(f) remuneration from family employment subject to
the provisions of this subtitle.
Section 2. Section 801 of title 53 of the Code of the
Federated States of Micronesia, as amended by Public Law No. 5-120,
is hereby further amended to read as follows:

"Section 801. Scope of coverage: Verification of
employment.

(1) All employees, wherever employed by an employer
incorporated or doing business in the Federated States of
Micronesia, shall be covered unless both the employer and
the employee are currently subject to any other
recognized Social Security System. The highest
administrator of the Social Security System, or his
designees, shall cause at least two unannounced
employment site checks to be conducted upon every non-
government employee who first begins to contribute to the
Social Security System after age forty-five years to
ensure that such non-government employee is actually
engaged in an employer-employee relationship that will
allow him to be covered and eligible for benefits under
this subtitle. The two employment site checks shall not
be conducted within 1 month from each other and both
shall be conducted within the first 6 months of the
employee's first contribution payment to the Social
Security System. For the purposes of this subtitle, any
elected official in any government unit or body in the
Federated States of Micronesia is deemed to be an
employee employed by a Federated States of Micronesia employer. The governmental unit or body to which such person is elected is subject to the provisions in this subtitle relating to the duty and obligations of a Federated States of Micronesia employer.

(2) Every person who:

(a) is [a fully insured individual, as defined in this subtitle] fully insured;

(b) has attained age [sixty years] 60; and

(c) has filed a complete application with the social security administrator for old age insurance shall be entitled to an old age insurance benefit [for each month, beginning with the month for which both paragraphs (a) and (b) of this subsection are satisfied and ending with the month preceding the month in which he dies, subject to the earnings test as defined in this subtitle].

(3) Old age insurance benefits shall be paid for each month beginning with the month described in paragraph (a) and ending with the month described in paragraph (b) of this subsection:

(a) the later of paragraphs (i) and (ii) which follow:

(i) the month in which an individual satisfies the requirements of paragraphs (a) and (b) of
the immediately preceding subsection (2); or

(ii) the sixth month preceding the month in which the individual satisfies the requirements of paragraph (c) of the immediately preceding subsection (2).

(b) the month preceding the month in which the individual entitled to the old age insurance benefit dies.

Section 3. Section 802 of title 53 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 802. Surviving spouse's benefits.

The surviving spouse of an individual who died fully insured, if such spouse has filed application, shall be entitled to a survivor insurance benefit for each month beginning with the later of (1) the month of death of the fully insured spouse or (2) the sixth month preceding the month in which the individual entitled to benefits files an application for social security benefits, and ending with the month preceding the month in which the surviving spouse dies or remarries; provided, that such benefit shall be subject to the earnings test as defined in this subtitle."

Section 4. Section 803 of title 53 of the Code of the Federated States of Micronesia, as amended by Public Law No. 9-056, is hereby further amended to read as follows:
Section 803. Dependent's benefits - Disability

[(1) Every surviving child who is dependent upon an
individual entitled to old age benefits or who was
dependent upon an individual who died fully insured or
currently insured shall be entitled, upon filing
application, to a child's insurance benefit for each
month beginning with the month of death of such
individual and ending with the month preceding whichever
of the following first occurs:

(a) attainment of age eighteen years, except that
benefits are payable until the month before the
attainment of age twenty-two so long as the beneficiary
is a bona fide student, and except that benefits are
payable during the disability of a child who was disabled
before the attainment of age twenty-two;

(b) marriage;

(c) adoption.]

[(1) Every surviving child who:

(a) is dependent upon an individual entitled to
old age benefits or who was dependent upon an individual
who died fully insured or currently insured; and

(b) has filed a complete application with the
social security administrator for survivor's insurance,
shall be entitled to a child's insurance benefit.
(2) A child's insurance benefit shall be paid for each month beginning with the month described in paragraph (a) and ending with the month described in paragraph (b) of this section:

(a) the later of paragraphs (i) and (ii) which follow:

(i) the month in which an individual satisfies the requirement of paragraphs (a) and (b) of the immediately preceding subsection (1) of this section; or

(ii) the sixth month preceding the month in which the individual satisfies the requirements of paragraph (b) of subsection (1) of this section.

(b) the month preceding the month which contains the first to occur of the following events:

(i) attainment of age twenty-two in the case of a child who is a bona fide student; or

(ii) ceasing to be disabled after attainment of age eighteen in the case of a child who was disabled before attainment of age twenty-two; or

(iii) attainment of age eighteen in the case of any child not described in the preceding paragraph (i) or (ii); or

(iv) marriage; or

(v) adoption.
A child shall be deemed dependent upon his parent or adopting parent unless such individual was not living in the same household with or contributing to the support of such child. Child's insurance benefits shall be paid to the individual upon whom the child is currently dependent, except such benefit shall be subject to the earnings test as defined in this subtitle.

Every individual who is a fully insured individual and is disabled and has been disabled for at least three full calendar months, upon filing an application for disability insurance benefits, shall be entitled to a disability insurance benefit for each month beginning with the first month of the waiting period and ending with the month preceding the month in which he dies or recovers from his disability, subject to the earnings test as defined in this subtitle.

Every person who:

(a) is fully insured;

(b) is disabled and has been disabled for at least three full calendar months; and

(c) has filed a complete application with the social security administrator for disability insurance shall be entitled to disability insurance benefits.

Disability insurance benefits shall be paid for each month beginning with the month described in
paragraph (a) and ending with the month described in paragraph (b) of this subsection:

   (a) the later of paragraphs (i) and (ii) which follow:

   (i) the month in which an individual satisfies the requirements of paragraphs (a) and (b) of the immediately preceding subsection (4); or

   (ii) the twelfth month preceding the month in which the individual satisfies the requirements of paragraph (c) of immediately preceding subsection (4).

   (b) the month preceding the month in which the individual dies or recovers from his disability.

(6) Notwithstanding any other provision of this section, the disability insurance benefit shall be subject to the earnings test as defined in this subtitle.*