



The President
Palikir, Pohnpei
Federated States of Micronesia

PRESIDENTIAL COMM. NO. 15-357
FSM CONGRESS

March 6, 2009

The Honorable Isaac V. Figir
Speaker
15th FSM Congress
Palikir, Pohnpei, FM 96941



Dear Speaker Figir:

I am transmitting to you Congressional Act No. 15-78, which have become Public Law No.15-73 without my signature, entitled:

“AN ACT TO FURTHER AMEND TITLE 53 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAWS NOS. 1-120, 7-118, 9-056, 12-76, 14-34, 14-37 AND 14-86, BY AMENDING THE FOLLOWING PROVISIONS OF TITLE 53, SECTIONS 603, 605, 607, 801, 803, 803A, 804, 806, 809, 901, 902, AND 1006, TO PROVIDE FOR GREATER FINANCIAL STABILITY FOR THE FSM SOCIAL SECURITY ADMINISTRATION AND TO REDUCE ITS UN-FUNDED LIABILITY, BY RAISING TAX RATES, TO CLARIFY DEFINITIONS, TO CHANGE RESTRICTIONS TO THE TYPES OF INVESTMENT THAT SOCIAL SECURITY MAY ENGAGE IN, AND FOR OTHER PURPOSES.”

I have painstakingly reviewed the Act. While I am in full agreement with the definite need to strengthen and revitalize the FSM Social Security System, I respectfully disagree with the means and the manner chosen to accomplish those goals. In other words, the means and manners chosen, as set forth in the Act, defeat the very purpose for which the Social Security System was established and they erode the justifications for the said Social Security System's continued existence. Those purposes, in the nutshell, are to provide financial support to an employee upon reaching the age of 60, and to provide financial support to the spouse and his children upon his/her death.

I have wrestled with the Act, which now becomes law, by carefully studying it provision by provision, sentence by sentence, and phrase by phrase in an effort to understand the pros and the cons in support of or against it and I came to the conclusion that I shall wash my hands of it by letting it become law without my signature with the hope that the Congress will see fit to amend it to harmonize those conflicting interests involve shall be carefully and thoroughly analyzed. Such careful analysis is imperative especially at this time of global and regional financial crises, which have tremendous adverse financial repercussions on the citizens and residents of this Nation. The implications inherent in the Act are far-reaching and everyone will be adversely affected thereby. I do not see the need to rush. Just by reading SCREP No. 15-166, so much relevant information is missing, and consultations not comprehensive. I do not believe that the information on the table will be sufficient to arrive at any informed decision.



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Second, no alternative has been offered with which to compare the suggested course of action in the Act. There should be an attempt to explore workable options. There are workable options, including a bailout, as will be discussed below, as opposed to depriving the employees of their vested rights to receive their retirement benefits upon turning 60 years old, or depriving and/or frustrating the enjoyment of those vested rights to those retirement benefits by the spouses or children of an insured employee upon his death.

Third, rather than adding tax burden on common people and cutting down and suspending parts of their benefits, the government should consider infusing fresh capital to revitalize the ailing program. For example, there should be an initial appropriation of \$2 millions dollars to revitalize the Social Security Program to be followed by an authorization for an annual appropriation of the sum of \$1.5 millions per annum consecutively for the next four years following the initial appropriation. This is a doable and clean alternative as opposed to the means and manner of raising money to revitalize the System provided in the Act. This alternative is based on past experience that this Nation often had \$5 millions surplus in the past years. Such surplus should be used to bailout the Social Security Program and must be considered by this Government as a top priority.

At this time of global financial crisis, superpowers like the United States, have tried to put together a stimulus package of up to \$2 trillion to stimulate the U.S. economy. The FSM government must learn from the industrialized Nations and step forward to help the economy and the people. It seems to me that the congressional Act proposes just the exact opposite. The people are made to carry additional burden of increased tax and diminished benefits. Given that the cost of living has increased beyond 10% over the years while the salaries for most employees are far behind inflation, an alternative solution has to be maintained or even increase, rather than decrease, the benefits to the Social Security Administration retirees and their beneficiaries.

The mandatory retirement age in the National Government is 60. The same applies to State governments as well. When a government employee retires, he or she will never retain the same level of income to support dependents and family. Now jobless, a retiree relies upon social security benefits. But the social security benefits are proposed to be cut by 50% until the retiree reaches the age of 65. The retired employee, in all likelihood, will find it difficult to get a job from the private sector, while waiting for age 65, because our private sector is not growing. Again, when the foreign governments are scrambling for stimulus package, FSM has decided to raise taxes and cut benefits. With declining purchasing power of currency and with reduced income and benefit, the economy will be hardly reinvigorated. This is not the right time to increase tax when the economy is in bad shape. What we need is a meaningful economic stimulus and, for this program, government infusion of funds.



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My suggestion is for us to work out a further amendment of the Act before it becomes law. According to the committee report, with a tax increase of 7% at wage base of \$6,000, revenue collection will increase by \$1.8 million. We need to seriously consider infusing money to FSMSSA, either in lump sum or on a staggered basis, in the amount equivalent to the additional revenue that is projected to result from the tax increase. Note that there are huge collectibles that remained on the books of FSMSSA. In my mind, instead of creating more collectibles, it is more realistic to trim down existing collectibles. On the other hand, the postponement of 50% benefit to age 65 is too drastic given the current condition of the economy and the financial handicap of newly retired employees. I grudgingly propose that we consider graduated reduction of benefits on a yearly basis until the retiree reaches the age of 65. I must admit that every instinct in my body even abhors this proposal because it has the propensity to forfeit vested rights of the retirees and their beneficiaries. In other words, this proposal will violate the retiree's vested rights to receive his full retirement benefits at the age of 60 as set forth in the law at the time he was compelled by law to automatically enroll in the System in consideration of receiving those benefits upon retirement. The same is true of the retiree's spouse and children.

Another aspect I am having difficulty with is the status of officers and shareholders of corporation that are made liable for unpaid taxes. As we all know, the liability of a corporation is not the liability of any officer or shareholder, unless the corporation is an alter ego of the officers and the stockholders, and that it were not a separate legal entity. To that extent, the law suffers from invalidity.

There are many other aspects of the Act that I find to be very problematic because of incomplete information. For example, the primary justification for the increased tax and cut in benefits is to reduce the un-funded liability of FSMSSA. However, from the committee report, it is not clear how FSMSSA has performed in collecting taxes. Thus, even if theoretical projected revenue is increased, but the collection performance is deficient, the un-funded liability remains, or becomes worse. Careful analysis is needed to determine the most effective solution.

On hindsight, because of the dire financial situation of the Nation, it is not unlikely for State governments to demand for a bailout from the National Government instead of paying for the tax increase. And there is precedent for a bailout. When that happens, the issue may come back to haunt the National Government. For this reason, I reiterate that a better and more appropriate approach will be to seriously consider a capital infusion.



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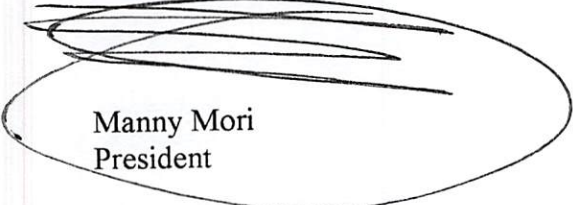
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The Congress should also take into account the oppositions and concerns raised by the Governors about the wisdom of approving the law. The Governors represents the constituents and constituents' fears have been effectively articulated by and through official channels, their respective Governors. Those "cry in the wilderness" should not be completely ignored but must be seriously considered in any deliberation on the law.

In view of the foregoing discussion, and in view of other considerations not enumerated above, I wish to invite all the members of Congress to revisit this subject as soon as possible to harmonize those conflicting interests with a view to ensure continued vitality of the Social Security System, on the one hand, and to reinstate the vested rights of the insured employees and their beneficiaries, which have summarily been castrated and removed by the law. I encourage a joint undertaking between our branches of government in order to come up with most effective and equitable solution to these conflicting interests.

Finally, I appreciate for your understanding and full cooperation on this very important matter.

Sincerely,



Manny Mori
President

xc: Chief Justice, FSM Supreme Court
Secretary, Department of Finance
Director, Office of SBOC
Library, CFSM
Legislative Counsel, CFSM
PIO, FSM



Office of the Chief Clerk

CONGRESS OF THE FEDERATED STATES OF MICRONESIA

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PRESIDENTIAL COMM. NO. 15-357
FSM CONGRESS

February 10, 2009

His Excellency Manny Mori
President
Federated States of Micronesia
Palikir, Pohnpei FM 96941



Dear President Mori:

I have the honor to transmit herewith Congressional Act No. 15-78, "AN ACT TO FURTHER AMEND TITLE 53 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAWS NOS. 5-120, 7-118, 9-056, 12-76, 14-34, 14-37 AND 14-86, BY AMENDING THE FOLLOWING PROVISIONS OF TITLE 53, SECTIONS 603, 605, 607, 801, 803, 803A, 804, 806, 809, 901, 902, AND 1006, TO PROVIDE FOR GREATER FINANCIAL STABILITY FOR THE FSM SOCIAL SECURITY ADMINISTRATION AND TO REDUCE ITS UNFUNDED LIABILITY, BY RAISING TAX RATES, TO CLARIFY DEFINITIONS, TO CHANGE RESTRICTIONS TO THE TYPES OF INVESTMENT THAT SOCIAL SECURITY MAY ENGAGE IN, AND FOR OTHER PURPOSES.", which was passed by the Fifteenth Congress of the Federated States of Micronesia, Sixth Regular Session, 2009, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

Liwiana K. Ramon
Chief Clerk, Congress of the
Federated States of Micronesia

Enclosures



PRESIDENTIAL COMM. NO. 15-357
FSM CONGRESS

FITEENTH CONGRESS OF THE
FEDERATED STATES OF MICRONESIA
SIXTH REGULAR SESSION
JANUARY 26 – FEBRUARY 14, 2009

PUBLIC LAW No. 15 - 73

An Act

TO FURTHER AMEND TITLE 53 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAWS NOS. 5-120, 7-118, 9-056, 12-76, 14-34, 14-37 AND 14-86, BY AMENDING THE FOLLOWING PROVISIONS OF TITLE 53, SECTIONS 603, 605, 607, 801, 803, 803A, 804, 806, 809, 901, 902, AND 1006, TO PROVIDE FOR GREATER FINANCIAL STABILITY FOR THE FSM SOCIAL SECURITY ADMINISTRATION AND TO REDUCE ITS UN-FUNDED LIABILITY, BY RAISING TAX RATES, TO CLARIFY DEFINITIONS, TO CHANGE RESTRICTIONS TO THE TYPES OF INVESTMENT THAT SOCIAL SECURITY MAY ENGAGE IN, AND FOR OTHER PURPOSES.

INTRODUCED BY SENATOR: JOE N. SUKA (BY REQUEST)

DATE: SEPTEMBER 3, 2008

REFERRED TO: HEALTH, EDUCATION AND SOCIAL AFFAIRS COMMITTEE
S.C.R. NO. 15-166 – DECEMBER 2, 2008

FIRST READING: DECEMBER 4, 2008.

SECOND READING: FEBRUARY 3, 2009

Liwiana K. Ramon
Chief Clerk, FSM Congress



Office of the Speaker

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PRESIDENTIAL COMM. NO. 15-357
FSM CONGRESS

ACT NO. 15-78

(CONGRESSIONAL BILL NO. 15-52, C.D.1, C.D.2)

We hereby certify that on February 3 the foregoing act passed Second and Final Reading of the Fifteenth Congress of the Federated States of Micronesia, Sixth Regular Session, 2009, by a two-thirds vote of all the State delegations as required under article IX, section 20, of the Constitution of the Federated States of Micronesia.

Isaac V. Figir.
Speaker
Congress of the
Federated States of Micronesia

Liwiana K. Ramon
Chief Clerk
Congress of the
Federated States of Micronesia

FIFTEENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

SECOND SPECIAL SESSION, 2007 CONGRESSIONAL BILL NO. 15-52, C.D.1, C.D.2

PUBLIC LAW No. 15 - 73

AN ACT

To further amend title 53 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-120, 7-118, 9-056, 12-76, 14-34, 14-37 and 14-86, by amending the following provisions of title 53, sections 603, 605, 607, 801, 803, 803A, 804, 806, 809, 901, 902, and 1006, to provide for greater financial stability for the FSM Social Security Administration and to reduce its un-funded liability, by raising tax rates, to clarify definitions, to change restrictions to the types of investment that Social Security may engage in, 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-
3 120, 7-118, 12-76, 14-37 and 14-86 is hereby further amended to
4 read as follows:

5 "Section 603 Definitions of title 53 of the Code of the
6 Federated States of Micronesia, as amended, is hereby
7 further amended to read as follows:

8 (1) 'Application' means the prescribed form or forms
9 provided to individuals by the Social Security
10 Administrator as the exclusive means by which an
11 individual may apply for the payment of any benefit
12 provided for in section 801, 802, 803 or 803A of this
13 act.

14 (2) 'Became disabled' means the first month in which
15 an individual is under a disability.

1 (3) 'Board' means the Federated States of Micronesia
2 Social Security Board provided for by section 701 of
3 this subtitle.

4 (4) 'Child or spouse' means an applicant that the
5 court of the State in which an individual was domiciled
6 at the time of his death has or would find to be the
7 individual's child or spouse in determining the
8 devolution of intestate personal property. 'Child'
9 shall include only the deceased individual's biological
10 children and such adopted children whose confirmed
11 petition for adoption by the wage earner has been
12 presented to the Social Security Administration and who
13 were adopted by the wage earner on or prior to the wage
14 earner's 55th birthday of the adopting parent, shall be
15 a 'child' for the purposes of this title unless, the
16 Social Security Administrator makes a determination
17 that, due to exceptional circumstances, the person shall
18 be so entitled. In reaching a determination that
19 exceptional circumstances apply, the Social Security
20 Administrator shall satisfy himself or herself that
21 future eligibility for social security benefits was not
22 a significant factor in the decision to adopt and may
23 consider any available, relevant information including,
24 but not limited to:

25 (a) whether the adopted child's biological

1 mother, and/or biological father were alive at the time
2 the adoption took place;

3 (b) if one or both biological parents were alive
4 at the time of adoption, whether one or both parents
5 were acting or were capable of acting as a primary
6 caregiver at that time;

7 (c) whether the adopting parent is a relative of
8 the adopted child;

9 (d) whether, at the time the adoption took
10 place, there were relatives, not including the adopting
11 parents, who would have been appropriate guardians for
12 the adopted child;

13 (e) whether the adopting parent was a primary
14 caregiver for the adopted child at the time of adoption
15 and continued in that role after the adoption took
16 place;

17 (f) any other factor the Social Security
18 Administrator considers relevant.

19 (5) 'Contributions' means the tax imposed upon income
20 of covered employees and the tax imposed upon employers
21 on account of wages paid to a covered employee.

22 (6) 'Disability' means inability to engage in any
23 substantial gainful employment by reason of any
24 medically determinable physical or mental impairment
25 which can be expected to result in death or which has

1 lasted or can be expected to last for a continuous
2 period of not less than 12 months.

3 (7) 'Earning test' means that an individual who
4 receives a retirement, disability, or survivor benefit
5 and who works in covered or non-covered employment shall
6 have his quarterly benefit reduced by one dollar for
7 each two dollars earned in a quarter, except there shall
8 be no reduction for the first \$300 earned in a quarter.
9 The reduction shall be applied in one of the subsequent
10 two quarters immediately after the quarter in which the
11 earnings were made, or as soon as possible thereafter.
12 All benefit recipients have an affirmative duty to
13 disclose to the FSM Social Security Administration all
14 earnings from either covered or non-covered employment
15 for which time they are receiving or claiming benefits.
16 Under certain circumstances as defined in section 804,
17 the earnings test may not apply to old age benefits
18 received by an individual between the ages of 60 and 64
19 who turns 60, after January 1, 2010.

20 (8) 'Employee' means:

- 21 (a) any officer of a corporation; or
22 (b) any individual who, under the usual common
23 law rules applicable in determining the employer-
24 employee relationship, has the status of an employee; or
25 (c) any self-employed person who has at least one

1 employee for whom he is required to report in a given
2 quarter; or

3 (d) any self-employed person who had more than
4 \$10,000 of annual gross revenue in the preceding
5 calendar year.

6 (9) 'Employer means:

7 (a) For purposes of this act, employer means the
8 person, business organization or other organization, or
9 national or state or municipal government or agency,
10 that pursuant to common law rules of employment is the
11 actual person or organization responsible for the
12 formation and continuation of the working relationship
13 with employee.

14 (b) The Social Security Administration has the
15 right to determine the actual employer of employees for
16 purposes of implementing this act, and need not rely on
17 the characterization provided.

18 (c) Employer may be an individual, partnership,
19 corporation or other type of business venture or non-
20 business organization, national or municipal or state
21 organization or agencies thereof, and which in certain
22 circumstances may be more than one, that is responsible
23 for the payment of all Social Security taxes. For
24 partnerships, the liability shall be joint and several
25 among all partners. For other types of business or non-

1 business organizations that are not corporations, the
2 liability shall be joint and several as if the
3 organization was a common law partnership. For
4 corporations, if the corporation fails to meet its tax
5 obligations when due, the liability shall be joint and
6 several between the president of the corporation, and
7 all shareholders with greater than a 30% interest in the
8 corporation.

9 Under this definition all such persons are jointly
10 defined as the employer, for all purposes including the
11 implementation of criminal penalties.

12 (10) 'Employment, covered' or 'covered employment'
13 means any service by an employee for an employer
14 incorporated or doing business within the Federated
15 States of Micronesia employing him, irrespective of
16 where such employment is performed, except family
17 employment.

18 (11) 'Employment, non-covered' or 'non-covered
19 employment' means any employment engaged in by an
20 employee where coverage is statutorily exempt in the
21 Federated States of Micronesia, family employment, or
22 employment by an employee outside of the Federated
23 States of Micronesia and which is not taxable by the FSM
24 Social Security Administration.

25 (12) 'Family employment' means employment of a

1 worker by a member of the household, a parent or a son
2 or daughter except that the worker may apply to the
3 Board for a determination that such employment is bona
4 fide covered employment subject to this subtitle.

5 (13) 'Insured status' can mean any of the
6 following:

7 (a) 'Currently insured individual' means any
8 individual who has had not less than 20 quarters of
9 coverage during the 25 quarter period ending with:

10 (i) the quarter in which he died; or

11 (ii) the quarter in which he became entitled
12 to old age insurance benefits at age sixty (60);

13 (iii) the quarter in which he became disabled,
14 whichever occurs first.

15 (b) For individuals who qualified as a currently
16 insured person prior to December 31, 2006, the number of
17 quarters to qualify as a currently insured person was
18 not less than eight quarters of coverage during the
19 thirteen quarter period ending with:

20 (i) the quarter in which he died; or

21 (ii) the quarter in which he became entitled
22 to old age insurance benefits at age sixty (60);

23 (iii) the quarter in which he became disabled,
24 whichever occurs first.

25 (c) 'Fully insured individual' means any

1 individual whose total cumulative quarters of coverage
2 are at least as great as the number of years calculated
3 from the later of the date the worker turned age twenty-
4 one (21), or June 30, 1968, to the date the worker
5 attains age sixty (60), dies or becomes disabled. For
6 this purpose, partial years shall be counted as whole
7 years (for example 37.25 years would be rounded up to 38
8 years). In no case shall an individual be a fully
9 insured individual unless he has at least 12 quarters of
10 coverage:

11 (i) For individuals who attain age sixty
12 (60), die or become disabled on or before December 31,
13 2006, no more than thirty-eight (38) quarters of
14 coverage are required to be fully insured and there is
15 no minimum amount required for employee contributions to
16 the Social Security System.

17 (ii) For individuals who turn sixty (60) or
18 die after December 31, 2006, no more than fifty (50)
19 quarters of coverage and employee contributions to the
20 Social Security System of at least \$2,500 are required
21 to be fully insured. Should an individual's employee
22 contributions total less than \$2,500 as of the date of
23 termination of employment or death, the individual or
24 their surviving spouse may pay the difference to the FSM
25 Social Security Administration in a single sum payment

1 in order to become fully insured. The surviving
2 children will be eligible for benefits so long as the
3 individual was currently insured at the time of the
4 individual's death,

5 (iii) For individuals who become disabled
6 after December 31, 2006, no more than 45 quarters of
7 coverage and employee contributions to the Social
8 Security System of at least \$1,500 are required to be
9 fully insured. Should an individual's employee
10 contributions total less than \$1,500 as of the date of
11 termination from employment, the individual may pay the
12 difference to the FSM Social Security Administration in
13 a single sum payment in order to become fully insured:

14 (d) 'Fully insured status' means:

15 (i) For individuals who turn sixty (60) or
16 die after January 01, 2010, shall have total cumulative
17 quarters of coverage equaling fifty (50) quarters of
18 coverage or greater, and employee contributions to the
19 Social Security System of at least \$2,500 are required
20 to be fully insured. Employee contributions are the
21 contributions defined in section 901 only. Should an
22 individual's employee contributions total less than
23 \$2,500 as of the date of qualification as a fully
24 insured individual, the individual or their surviving
25 spouse may pay the difference to the FSM Social Security

1 Administration in a single sum payment in order to be
2 fully insured. If the individual or the surviving
3 spouse is unable to pay the difference on the minimum
4 contribution, the individual or surviving spouse can opt
5 for lump sum payment equal to the total employee
6 contribution.

7 (ii) 'Fully insured' means for individuals
8 who become disabled on or after January 1, 2010, at
9 least forty-five (45) quarters of coverage are needed to
10 be defined as fully insured, and they must also meet the
11 definition of currently insured at the time of the onset
12 of their disability. Additionally, employee's
13 contributions to the Social Security System of at least
14 \$1,500 are required to be fully insured. Should an
15 individual's employee contribution total less than
16 \$1,500 as of the date of disability, the individual may
17 pay the difference to the FSM Social Security
18 Administration in a single lump sum payment in order to
19 be fully insured.

20 (14) 'Quarter' and 'calendar quarter' mean a period of
21 three calendar months ending on March 31st, June 30th,
22 September 30th, or December 31st. 'Quarter of coverage'
23 means a quarter in which the individual has been paid
24 \$300 or more in wages in covered employment subject to
25 this subtitle.

(15) '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, with a maximum of \$3,000 per quarter through September 30, 2003 and a maximum of \$5,000 per quarter beginning October 1, 2003. This maximum quarterly amount shall increase to \$6,000 on January 1, 2008, \$7,000 on January 1, 2013, \$8,000 on January 1, 2018, \$9,000 on January 1, 2023, and \$10,000 on January 1, 2028. Remuneration accruing to a self-employed person who has no covered employees shall, for each quarter of a year, be deemed to be five (5) percent of the gross revenue of the business or gross revenue of all businesses for the previous calendar year, subject to a \$3,000 maximum per quarter through September 30, 2003 and a maximum of \$5,000 per quarter beginning October 1, 2003. This maximum quarterly amount shall increase to \$6,000 on January 1, 2008, \$7,000 on January 1, 2013, \$8,000 on January 1, 2018, \$9,000 on January 1, 2023, and \$10,000 on October 1, 2028. Remuneration paid for any service, which is more or less than a whole dollar

1 shall, as may be prescribed by regulations, be computed
2 to the nearest dollar. Wages shall not include:

3 (a) that part of remuneration in excess of \$3,000
4 through September 30, 2003 and in excess of \$5,000
5 beginning October 1, 2003, in excess of \$6,000
6 beginning January 1, 2008, in excess of \$7,000 beginning
7 January 1, 2013, in excess of \$8,000 beginning January
8 1, 2018, in excess of \$9,000 beginning on January 1,
9 2023, and in excess of \$10,000 beginning on January 1,
10 2028, paid in a quarterly reporting period by one
11 employer;

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

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

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

23 (e) remuneration paid for casual or intermittent
24 labor not performed in the course of the employer's
25 trade or business when such employment does not exceed

1 employment in more than one week in each calendar month
2 of each quarterly reporting period; and

3 (f) remuneration from family employment subject
4 to the provisions of this subtitle.

5 Section 2. Section 605 of title 53 of the Code of the
6 Federated States of Micronesia, as amended by Public Laws Nos. 5-
7 120 and 14-37 is hereby further amended as follows:

8 "Section 605. Violations - Penalties and interest -
9 Attorney's fees and costs.

10 (1) Any person who knowingly makes any false statement
11 or who falsifies any report or record of the Federated
12 States of Micronesia Social Security System in an
13 attempt to defraud the system is guilty of a misdemeanor
14 and upon conviction thereof shall be imprisoned for a
15 period of not more than one year, or fined not more than
16 \$2,000 or both. Any employer who intentionally fails to
17 pay the employer's FSM Social Security taxes in any
18 given quarter, or any employer who intentionally
19 withholds FSM Social Security taxes from an employee's
20 wages and does not pay FSM Social Security taxes on
21 behalf of that employee, or any employer who employs an
22 employee and knowingly fails to withhold FSM Social
23 Security taxes on that employee is guilty of a
24 misdemeanor and upon conviction thereof shall be
25 imprisoned not more than one year, or fined not more

1 than \$2,000 or both. In addition to this criminal
2 penalty, if an employer is determined by his failure to
3 have paid either the employer's or employee's
4 contributions to the FSM Social Security Administration,
5 and the employee is denied benefits by the FSM Social
6 Security Administration because of a lack of quarters of
7 coverage, and the contributions withheld would have
8 caused the employee to be fully or currently insured and
9 eligible for benefits, the employer shall be responsible
10 directly for the payment of all benefits that would
11 accrue to the employee or his beneficiaries under this
12 act. If the employer, after the initial denial,
13 subsequently makes back payments, the FSM Social
14 Security Administration can seek repayment from the
15 employer of all benefits paid to the employee as a
16 penalty for the failure to pay.

17 (2) Any employer who willfully fails to report wages
18 paid or pay contributions required thereon is guilty of
19 a misdemeanor and, in addition to any other penalty
20 prescribed by law, such an employer shall also pay
21 penalties not in excess of 100 percent of the tax due
22 plus interest to the Board as it by regulation shall
23 require.

24 (3) Any person who receives benefits to which he or
25 she is not entitled shall be liable to repay the Social

1 Security Administration those benefits, and in addition
2 to the remedies under section 808 of this subtitle, may
3 be subject to civil action for recovery of those
4 benefits.

5 (4) Any covered employer who fails to submit the
6 quarterly report and pay the social security tax within
7 ten days after the end of the quarter shall be
8 considered delinquent. The Board or its authorized
9 representatives shall be vested with the authority to
10 levy a penalty of not more than \$1,000 per quarter on
11 delinquent employers.

12 (5) If any tax or penalty imposed by this subtitle is
13 not paid on or before the date prescribed for such
14 payment, the Board or its authorized representatives
15 shall be vested with the authority to collect, in
16 addition to such tax and penalty, interest on the unpaid
17 balance of the tax principal at the rate of 12 percent
18 per annum from its due date until the date it is paid.

19 (6) In the event that any claim for monies is due to
20 the Social Security Administration under this subtitle
21 is referred to an attorney or trial counselor for
22 collection, whether or not suit is brought for the
23 collection thereof, the individual or entity shall
24 additionally be liable for reasonable attorney or trial
25 counselor fees and costs of collection, including court

1 costs incurred by the Social Security Administration in
2 its discretion may waive part or all of any attorney
3 fees and costs awardable under this section.

4 (7) In the event of a violation of subsections (1),
5 (2), (4), (5) or (6), the payments or penalties defined
6 apply to the employer, as defined in section 603(9), and
7 the payments or penalties, including criminal penalties,
8 defined in these subsections can be enforced on the
9 persons defined in section 603(9). In addition, for
10 municipal organizations, states of the Federated States
11 of Micronesia or national government or any agencies of
12 any of the above, the Director of Finance, or its
13 equivalent position of such organization is responsible
14 for payments as described herein, and the payments or
15 penalties, including criminal penalties, defined in
16 these subsections can be enforced against such chief
17 financial officer."

18 Section 3. Section 607 of title 53 of the Code of the
19 Federated States of Micronesia, as amended by Public Laws Nos. 5-
20 120 and 14-34, is hereby further amended to read as follows:

21 "Section 607. Lien for taxes.

22 (1) All taxes, including penalties and interest
23 accrued thereon, imposed or authorized under this
24 subtitle shall be a lien upon any property of the
25 employer, having priority over all other claims and

1 liens including liens for other taxes, except as
2 provided in the Secured Transaction Act and may be
3 collected by levy upon such property in the same manner
4 as the levy of an execution.

5 (2) All taxes, including penalties and interest
6 accrued thereon, imposed or authorized under this
7 subtitle owed by a state or municipal government or
8 national government or any agency thereof, shall be
9 subject to a writ of garnishment of all moneys owed by
10 the FSM National Government to any state or municipal
11 government or any agency thereof, and such writ of
12 garnishment shall have priority over any claim for such
13 moneys in any manner by the particular state or
14 municipal government or agency thereof and such writs of
15 garnishment are specifically exempt from any
16 prohibitions under Section 707 of title 6 of the Code of
17 the Federated States of Micronesia."

18 Section 4. Section 801 of title 53 of the Code of the
19 Federated States of Micronesia, as amended by Public Laws Nos. 5-
20 120, 12-76 and 14-37, is hereby further amended to read as
21 follows:

22 "Section 801. Scope of Coverage; Verification of
23 Employment; Old age benefits.

24 (1) All employees, wherever employed by an employer
25 incorporated or doing business in the Federated States

1 of Micronesia, shall be covered unless both the employer
2 and the employee are currently subject to any other
3 recognized Social Security System. The administrator of
4 the Social Security System, or his designees, shall
5 cause at least two unannounced employment site checks to
6 be conducted upon every non-government employee actually
7 engaged in an employer-employee relationship that will
8 allow him to be covered and eligible for benefits under
9 this subtitle. The two employment site checks shall be
10 conducted within a month of each other and both shall be
11 conducted within the first six months of the employee's
12 first contribution payment to the Social Security
13 System. For the purposes of this subtitle, any elected
14 official in any Government unit or body in the Federated
15 States of Micronesia is deemed to be an employee
16 employed by a Federated States of Micronesia employer.
17 The governmental unit or body to which such person is
18 elected is subject to the provisions in this subtitle
19 relating to the duty and obligations of the Federated
20 States of Micronesia employer.

21 (2) Every person who:

- 22 (a) is fully insured
23 (b) has attained age 60; and
24 (c) has filed a complete application with the
25 Social Security Administrator for old age insurance

1 shall be entitled to an old age insurance benefit
2 subject to the earnings test as defined and applied in
3 this subtitle.

4 (3) Old age insurance benefit payments shall be
5 paid for each month commencing with the month in which
6 both paragraphs (2)(a) and (2)(b) of this section are
7 satisfied and shall end with the month preceding the
8 month in which the applicant dies.

9 (4) Notwithstanding the provisions of subsections (2)
10 and (3) above, retroactive payment shall be limited to
11 the twelve (12) months immediately preceding the month
12 in which the individual entitled to benefits has
13 submitted an application.

14 (5) In an application for benefits under this section,
15 whether individually or as a dependent, the applicant
16 has the burden to come forward with evidence and to take
17 all steps necessary to file a completed application.
18 The Social Security Administration has the right to deny
19 an application for benefits solely on the basis of non-
20 compliance with the application process or the failure
21 of the applicant to produce reasonably available
22 documents or information."

23 Section 5. Section 803 of title 53 of the Code of the
24 Federated States of Micronesia, as amended by Public Laws Nos. 9-
25 056 and 12-76, is hereby further amended to read as follows:

1 "Section 803. Dependent's benefits

2 (1) Every surviving child who:

3 (a) was dependent upon an individual who died
4 fully insured or currently insured; and

5 (b) has filed a complete application with the
6 Social Security Administrator for survivor's insurance;
7 shall be entitled to a surviving child's insurance
8 benefit, subject to the earnings test as defined in this
9 subtitle.

10 (2) A surviving child's insurance benefit shall be
11 paid for each month beginning with the month of the
12 death of the individual who died fully insured or
13 currently insured and shall end with the month preceding
14 the month which contains the first to occur of the
15 following events:

16 (a) attainment of age twenty two (22) in the case
17 of a surviving child who is a bona fide student; or

18 (b) ceasing to be disabled after attainment of
19 age eighteen (18) in the case of any surviving child who
20 was disabled before the attainment of age twenty-two
21 (22); or

22 (c) attainment of age eighteen (18) in the case
23 of any surviving child not described in preceding
24 paragraphs (a) and (b), except that benefits shall be
25 payable during the disability of a surviving child who

1 was disabled before the attainment of age twenty-two

2 (22) regardless of the child's age; or

3 (d) marriage; or

4 (e) adoption.

5 (3) A surviving child shall be deemed to have been
6 dependent upon his parent or adopting parent unless that
7 parent or adopting parent was not living in the same
8 household with or contributing to the support of such
9 child prior to his death. The child's insurance benefit
10 shall be paid to the individual upon whom the child is
11 currently dependent, except such benefit shall be
12 subject to the earnings test as defined in this
13 subtitle.

14 (4) Notwithstanding the provisions of subsections (1)
15 and (2) above, retroactive payments shall be limited to
16 the twelve (12) months immediately preceding the month
17 in which the surviving child or the surviving child's
18 guardian has submitted an application."

19 Section 6. Section 803A of title 53 of the Code of the
20 Federated States of Micronesia, as amended by Public Law No. 12-
21 76, is hereby further amended to read as follows:

22 "Section 803A. Disability benefits.

23 (1) Every person who:

24 (a) is both currently and fully insured;

25 (b) is disabled and has been disabled for at

1 least three full calendar months; and

2 (c) has filed a complete application with the
3 Social Security Administrator for disability insurance
4 shall be entitled to a disability insurance benefit,
5 subject to the earnings test as defined in this
6 subtitle.

7 (2) Disability insurance benefits shall be paid for
8 each month, beginning with the month of the waiting
9 period and ending with the month preceding the month in
10 which the disabled individual dies or recovers from
11 disability.

12 (3) Notwithstanding the provisions of subsections (1)
13 and (2) above, retroactive payments shall not be made
14 for more than the twenty-four (24) months immediately
15 preceding the month in which the disabled individual has
16 submitted an application.

17 (4) For persons disabled on or before January 01,
18 2010, that person to be eligible must only be fully
19 insured to qualify for disability benefits, if they
20 comply with the rest of this section."

21 Section 7. Section 804 of title 53 of the Code of the
22 Federated States of Micronesia, as amended by Public Law Nos. 5-
23 120, 7-118, 9-56, 14-37 and 14-86 is hereby amended to read as
24 follows:

25 "Section 804. Amount of retirement and disability

1 insurance benefits.

2 (1) An insured eligible individual shall be paid a
3 monthly old age benefit for life, except for any month
4 of disqualification as provided by this subtitle, in an
5 amount calculated upon an annual basis as follows:

6 (a) For benefit payments that begin prior to
7 January 1, 2007; 16.5 percent of the first \$10,000 of
8 cumulative covered earnings, plus three percent of
9 cumulative covered earnings in excess of \$10,000 but not
10 in excess of the next \$30,000, plus two percent of
11 cumulative covered earnings in excess of \$40,000.

12 (b) For benefit payments that begin on or after
13 January 1, 2007 but before January 01, 2010; 16.5
14 percent of the first \$10,000 of cumulative covered
15 earnings, plus three percent of cumulative covered
16 earnings in excess of \$10,000 but not in excess of the
17 next \$30,000, plus two percent of cumulative covered
18 earnings in excess of \$40,000 but not in excess of the
19 next \$262,500, plus one percent of cumulative covered
20 earnings in excess of \$302,500.

21 (c) For benefit payments that begin on or after
22 January 1, 2010:

23 (i) For individuals who are 65 and over;
24 16.5% of the first \$10,000 of cumulative covered
25 earnings, plus 3 percent of cumulative covered earnings

1 in excess of \$10,000 but not in excess of the next
2 \$30,000.00, plus 2% of the cumulative covered earnings
3 in excess of \$40,000 but not in excess of the next
4 \$262,500, plus one percent of cumulative covered
5 earnings in excess of \$302,500.

6 (ii) For individuals who turn 60 after
7 January 1, 2010, such individual from ages 60 to 64 will
8 receive fifty percent (50%) of the total of all the
9 described benefits in this subsection, 16.5% of the
10 first \$10,000 of cumulative covered earnings, plus 3
11 percent of cumulative covered earnings in excess of
12 \$10,000 but not in excess of the next \$30,000, plus 2%
13 of the cumulative covered earnings in excess of \$40,000
14 but not in excess of the next \$262,500, plus one percent
15 of cumulative covered earnings in excess of \$302,500.
16 These payments in this subsection only, shall be made
17 without reduction pursuant to the earnings test in
18 section 603(7).

19 (iii) For individuals under age 60, benefit
20 payments would be calculated the same as subsection (i).

21 (d) Earnings for covered employment after
22 commencement of payments for retirement or disability
23 insurance benefits shall be included in benefit
24 calculations upon subsequent application for benefits,
25 but such earnings shall be applicable for benefits for

1 months after the calendar year in which such earnings
2 occurred. For the purpose of this section cumulative
3 covered earnings includes earnings on which
4 contributions have been paid by the individual to the
5 Trust Territory Social Security System.

6 (e) In the event, benefits have been received
7 under section 804(1)(c)(ii), such benefits shall be
8 automatically adjusted when the individual reaches age
9 65.

10 (f) For purposes of interpreting this section
11 "benefit payments begin on" is defined to mean the date,
12 whether retroactive or current when a benefit payment is
13 paid for a specific month. A benefit payment may begin
14 prior to the application date, subject to retroactive
15 payment limitations defined in this act.

16 (2) An insured, eligible individual shall be paid a
17 minimum monthly benefit of seventy five dollars if the
18 benefit amount calculated in accordance with subsection
19 (1) of this section is less than seventy five dollars
20 monthly. Effective on January 1, 2012, the minimum
21 monthly benefit shall be \$100. The minimum monthly
22 benefit is calculated per insured worker, not per
23 recipient.

24 (3) An individual who is currently and fully insured
25 and who has been under a disability for three full

1 calendar months and the onset of disability occurred on
2 or after January 01, 2010, or an individual who was
3 fully insured and the onset of disability occurred prior
4 to this bill becoming law shall be paid a monthly
5 benefit for life or until recovery from the disability,
6 except for any month of disqualification as provided by
7 this subtitle in an amount calculated in accordance with
8 the preceding subsections of this section, and for an
9 individual with an onset of disability on or after
10 January 1, 2010, he or she will receive benefits as if
11 he or she retired at age 65, but with existing quarters
12 of coverage. Further, the amount of the benefit as so
13 determined shall, if the individual is receiving a
14 periodic workmen's compensation benefit, be reduced each
15 month by the excess of the sum of the workmen's
16 compensation benefit for that month, and the benefit
17 payable under this act over eighty percent of one-
18 twelfth of the highest annual covered wages in the
19 period consisting of the year in which the disability
20 occurred and the preceding five years. If a workmen's
21 compensation benefit was payable in periodic benefits
22 but was commuted to a lump sum, for purposes of this
23 subsection it will be considered that the periodic
24 benefit originally available was paid in each month that
25 it would have been paid if the commutation had not

1 occurred."

2 Section 8. Section 806 of title 53 of the Code of the
3 Federated States of Micronesia, as amended by Public Laws Nos. 5-
4 112, 7-119 and 14-37, is hereby further amended to read as
5 follows:

6 "Section 806. Amount of survivor insurance benefits.

7 (1) The surviving spouse of a fully insured worker
8 eligible in accordance with section 802 of this chapter
9 shall be paid a monthly benefit or disability in an
10 amount equal to 60 percent of the retirement or
11 disability insurance benefit calculated for the deceased
12 spouse at the date of death. For a fully insured worker
13 who dies after January 1, 2010, the benefit will be
14 calculated as if he or she retired at age 65, but with
15 existing quarters of coverage.

16 (2) Each eligible child of an insured worker shall be
17 entitled to a monthly benefit of 15 percent of the
18 retirement insurance benefit calculated for the deceased
19 parent at the date of death. For a fully insured worker
20 who dies after January 1, 2010, the benefit will be
21 calculated as if he or she retired at age 65, but with
22 existing quarters of coverage.

23 (3) If the spouse of the deceased insured worker is
24 eligible for retirement or disability benefits based on
25 his or her own employment coverage, and is also eligible

1 for survivors' benefits, the spouse shall receive
2 whatever benefit pays the highest monthly benefit. In
3 addition, the surviving spouse shall be entitled to
4 receive a lump sum equal to four percent of the
5 cumulative covered earnings upon which the lower benefit
6 is based, less the sum of all benefits already received
7 on the basis of those cumulative covered earnings. If
8 the spouse elects to accept the lump sum payment, he or
9 she shall lose credit for all quarters of coverage
10 earned up to the date of application. If that individual
11 returns to work, he or she shall start over again to
12 earn quarters of coverage leading to being currently or
13 fully insured.

14 (4) The monthly benefit paid to the surviving
15 child(ren) shall be based on the higher of the two
16 benefits that have been earned by the deceased parents
17 if fully or currently insured. In addition the
18 surviving child(ren) shall be entitled to receive a lump
19 sum equal to two percent of the other deceased's
20 parent's cumulative covered earnings, less the sum of
21 all benefits, if any, received by the deceased parent.

22 (5) The total survivors' benefit paid to the spouse
23 and children may not exceed the retirement benefit
24 calculated for the decedent as of the date of death
25 except that if the surviving spouse receives benefits

1 based on his or her own employment coverage, that amount
2 plus the survivors' benefits for the children may exceed
3 the amount of the deceased's retirement benefit. In no
4 event shall the amount paid be less than the minimum
5 established by the Social Security Administration, as
6 set out in section 804 of title 53 of the Code of the
7 Federated States of Micronesia."

8 Section 9. Section 809 of title 53 of the Code of the
9 Federated States of Micronesia, as amended by Public Laws Nos. 14-
10 37 and 14-86 is hereby further amended to read as follows:

11 "Section 809. Payment of benefits to foreign citizens
12 outside Federated States of Micronesia.

13 Unless modified by a totalization or other international
14 agreement, benefit payments under this act shall be paid
15 to a beneficiary who is not a citizen or a national of
16 the Federated States of Micronesia and does not reside
17 in the Federated States of Micronesia, as follows:

18 (a) Payments shall be made to citizens and
19 nationals of the Republic of Palau, the Republic of the
20 Marshall Islands, and the United States as if they were
21 citizens or nationals of the Federated States of
22 Micronesia as long as the Social Security Administration
23 of those nations gives citizens and nationals of the
24 Federated States of Micronesia reciprocal treatment.

25 (b) For applications filed after this bill

1 becomes law, payments shall be made to citizens and
2 nationals of other nations if they are fully insured at
3 the time of application, in a lump sum equal to the
4 total amount contributed to the Social Security
5 Administration by the employee under section 901 of this
6 act, while employed in the Federated States of
7 Micronesia as of the date the employee turns age 60, or
8 dies prior to age 60. All payments due under this
9 section shall be payable over six months, from the date
10 of death, or the date of turning age 60, and/or the date
11 of filing an application for such benefits, whichever is
12 later subject to the residency provision in paragraph
13 (d) less any monthly or periodic payments received.

14 (c) For applications filed prior to the date of
15 this bill becomes law, payments shall be made to
16 citizens and nationals of other nations in a lump sum
17 equal to the total amount contributed to the Social
18 Security Administration by the employee while employed
19 in the Federated States of Micronesia as of the date the
20 employee ceases to be a resident of the Federated States
21 of Micronesia in accordance with paragraph (d) of this
22 section.

23 (d) For purpose of this section, an individual
24 resides in the Federated States of Micronesia if they
25 are present in the territory of the Federated States of

1 Micronesia for 180 days out of the last 365 days and
2 have ties to the Federated States of Micronesia that
3 indicate residence such as a home, vehicle, bank account
4 or personal property.

5 (e) In determining the benefits and entitlements
6 under this title for an individual who receives a lump
7 sum payment in accordance with paragraphs (b), (c) or
8 (d) of this section and who subsequently returns to the
9 Federated States of Micronesia to undertake further
10 covered employment, no covered quarters, employee
11 contributions or employer contributions accrued by the
12 individual prior to receiving a lump sum payment shall
13 be counted."

14 Section 10. Section 901 of title 53 of the Code of the
15 Federated States of Micronesia, as amended by Public Law No. 14-
16 37, is hereby further amended to read as follows:

17 "Section 901. Employee contributions.

18 (1) There is hereby imposed on every employee a tax
19 equal to the following percentages of wages received by
20 him with respect to employment subject to this subtitle:

21 (a) with respect to wages paid from the effective
22 date of this act through June 30, 1985, the rate shall
23 be two percent;

24 (b) with respect to wages paid from July 1, 1985,
25 through June 30, 1990, the rate shall be three percent;

(c) with respect to wages paid from July 1, 1990, through June 30, 1995, the rate shall be four percent;

(d) with respect to wages paid from July 1, 1995, through June 30, 2000, the rate shall be five percent;

(e) with respect to wages paid from July 1, 2000, to October 01, 2009, the rate shall be six percent.

(f) with respect to wages paid on and after October 01, 2009, to January 1, 2013, the rate shall be seven percent.

(g) with respect to wages paid on and after January 1, 2013, the rate shall be seven point five (7.5) percent."

Section 11. Section 902 of title 53 of the Code of the Federated States of Micronesia, as amended, is hereby further amended to read as follows:

"Section 902. Employer contributions.

There is hereby imposed on every employer an excise tax, with respect to having an individual in his employ, equal to the following percentages of wages, paid by him with respect to employment subject to this subtitle:

(1) with respect to wages paid from the effective date of this act through June 30, 1985, the rate shall be two percent;

(2) with respect to wages paid from July 1, 1985, through June 30, 1990,

1 the rate shall be three percent;

2 (3) with respect to wages paid from July 1, 1990,
3 through June 30, 1995, the rate shall be four percent;

4 (4) with respect to wages paid from July 1, 1995,
5 through June 30, 2000, the rate shall be five percent;

6 (5) with respect to wages paid after June 30, 2000,
7 the rate shall be six percent.

8 (6) with respect to wages paid on and after October
9 01, 2009, the rate shall be seven percent.

10 (7) with respect to wages paid on and after January 1,
11 2013, the rate shall be seven point five (7.5) percent."

12 Section 12. Section 1006 of title 53 of the Code of the
13 Federated States of Micronesia, as amended, is hereby further
14 amended to read as follows:

15 "Section 1006. Authorized investments.

16 Investments may be made in:

17 (1) Government obligations. Obligations issued or
18 guaranteed as to principal and interest by the National
19 Government and/or the State governments of the Federated
20 States of Micronesia or by the government of the United
21 States, provided that the principal and interest on each
22 obligation are payable in the currency of the United
23 States.

24 (2) Corporate obligations and mortgage backed
25 securities. Obligations of any public or private entity

1 or corporation created or existing under the laws of the
2 Federated States of Micronesia or of the United States
3 or any state, territory or commonwealth thereof, or
4 obligations of any other government or economic
5 community which are payable in United State dollars, or
6 pass through and other mortgage backed securities,
7 provided that:

8 (a) The obligation is of an agency of the United
9 States Government, or

10 (b) The obligation is of an agency of the
11 Federated States of Micronesia Government, or

12 (c) The obligation is investment grade rated by
13 one of two nationally recognized rating agencies; and

14 (d) No investment under this heading exceeds ten
15 percent of the market value of the Fund or ten percent
16 of the outstanding value of the issue at the time of
17 purchase.

18 (e) Preferred and common stocks of any
19 corporation created or existing under the laws of the
20 Federated States of Micronesia or under the laws of the
21 United States or any state, territory or commonwealth
22 thereof, or any other nation, may be purchased provided
23 that:

24 (i) The purchase of such shares shall be
25 considered reasonable and prudent by the investment

1 advisor at the time of purchase;

2 (ii) No more than five percent of the market
3 value of the Fund shall be invested in the stock of any
4 one corporation; and

5 (iii) Not more than twenty-five percent of the
6 market value of the Fund shall be invested in any one
7 industry group.

8 (iv) Such shares are readily marketable and
9 actively traded on a recognized national or regional
10 stock exchange, physical or electronic.

11 (3) Insurance company obligations. Contracts and
12 agreements supplemental thereto providing for
13 participation in one or more accounts of a life
14 insurance company authorized to do business in the
15 Federated States of Micronesia or in any state,
16 territory or commonwealth of the United States, provided
17 that the total market value of these investments at no
18 time shall exceed ten percent of the total market value
19 of all investments of the Fund.

1 Section 13. This act shall become law upon approval by the
2 President of the Federated States of Micronesia or upon its
3 becoming law without such approval.

_____, 2009

11
12 *Law went signature*

13 *03-06-09*

Manny Mori
President
Federated States of Micronesia