



The President
Palikir, Pohnpei
Federated States of Micronesia

September 29, 2009

PRESIDENTIAL COMM. NO. 16-81
FSM CONGRESS

The Honorable Isaac V. Figir
Speaker
16th FSM Congress
Palikir, Pohnpei, FM 96941

Dear Speaker Figir:

I take this opportunity to thank you and all the honorable members of Congress for approving Congressional Act No. 16-11, entitled:

“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, 14-86 AND 15-73, BY AMENDING THE FOLLOWING PROVISIONS OF TITLE 53, SECTIONS 603, 804, 806, 809, 901 AND 902, TO DELAY THE IMPLEMENTATION OF THE SOCIAL SECURITY RETIREMENT BENEFITS RECEIVED BY AN INDIVIDUAL BETWEEN THE AGES OF 60 AND 64 FOR ONE YEAR AND TO DELAY THE IMPLEMENTATION OF TAX INCREASE FOR ONE YEAR, TO CLARIFY SOME LANGUAGE, AND FOR OTHER PURPOSES.”

I believe the passage of this act provides substantial relief to our people who are facing the adverse impacts of the global financial crisis on a day-to-day setting. With this act, I am encouraged to request further joint and coordinated efforts from our branches of government in order to find a more enduring solution to the challenges facing the Nation's social security program.

Therefore, I hereby sign and approve Congressional Act No. 16-11 to become Public Law No. 16-10.

Sincerely,


Manny Mori
President

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





CONGRESS OF THE FEDERATED STATES OF MICRONESIA

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PRESIDENTIAL COMM. NO. 16-81
FSM CONGRESS

Office of the Chief Clerk

September 22, 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. 16-11, "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, 14-86 AND 15-73, BY AMENDING THE FOLLOWING PROVISIONS OF TITLE 53, SECTIONS 603, 804 806, 809, 901 AND 902, TO DELAY THE IMPLEMENTATION OF THE SOCIAL SECURITY RETIREMENT BENEFITS RECEIVED BY AN INDIVIDUAL BETWEEN THE AGES OF 60 AND 64 FOR ONE YEAR AND TO DELAY THE IMPLEMENTATION OF TAX INCREASE FOR ONE YEAR, TO CLARIFY SOME LANGUAGE, AND FOR OTHER PURPOSES.", which was passed by the Sixteenth Congress of the Federated States of Micronesia, Second Regular Session, 2009, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

Liwiana K. Ramon

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

Enclosures



PRESIDENTIAL COMM. NO. 16-81
FSM CONGRESS

SIXTEENTH CONGRESS OF THE
FEDERATED STATES OF MICRONESIA
SECOND REGULAR SESSION
SEPTEMBER 14 – OCTOBER 3, 2009

PUBLIC LAW No. 16-10

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, 14-86 AND 15-73, BY AMENDING THE FOLLOWING PROVISIONS OF TITLE 53, SECTIONS 603, 804 806, 809, 901 AND 902, TO DELAY THE IMPLEMENTATION OF THE SOCIAL SECURITY RETIREMENT BENEFITS RECEIVED BY AN INDIVIDUAL BETWEEN THE AGES OF 60 AND 64 FOR ONE YEAR AND TO DELAY THE IMPLEMENTATION OF TAX INCREASE FOR ONE YEAR, TO CLARIFY SOME LANGUAGE, AND FOR OTHER PURPOSES.

INTRODUCED BY SENATOR: ISAAC V. FIGIR

DATE: AUGUST 31, 2009

REFERRED TO: HEALTH AND SOCIAL AFFAIRS COMMITTEE
S.C.R. NO. 16-20 – SEPTEMBER 21, 2009

FIRST READING: SEPTEMBER 21, 2009

SECOND READING: SEPTEMBER 22, 2009

for Consuelo Garcia

Liwiana K. Ramon
Chief Clerk, FSM Congress



Office of the Speaker

*Congress of the
Federated States of Micronesia*

*Palikir, Pohnpei
Federated States of Micronesia*

PRESIDENTIAL COMM. NO. 16-81
FSM CONGRESS

ACT NO. 16-11

(CONGRESSIONAL BILL NO. 16-34, C.D.1,
C.D.2, C.D.3)

We hereby certify that on September 22 the foregoing act passed Second and Final Reading of the Sixteenth Congress of the Federated States of Micronesia, Second 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.

A handwritten signature in black ink, appearing to read "Isaac V. Figir".

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

A handwritten signature in black ink, appearing to read "Liwiana K. Ramon".

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

SIXTEENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIRST SPECIAL SESSION, 2009

CONGRESSIONAL BILL NO. 16-34, C.D.1,
C.D.2, C.D.3

PUBLIC LAW NO. 16-10

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, 14-86 and 15-73, by amending the following provisions of title 53, sections 603, 804 806, 809, 901 and 902, to delay the implementation of the Social Security retirement benefits received by an individual between the ages of 60 and 64 for one year and to delay the implementation of tax increase for one year, to clarify some language, 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.
3 5-120, 7-118, 12-76, 14-37, 14-86 and 15-73, is hereby further
4 amended to 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.

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

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

(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, 2011.

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

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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

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 September 30, 2003 and in excess of \$5,000 beginning October 1, 2003, in excess of \$6,000 beginning January 1, 2008, in excess of \$7,000 beginning January 1, 2013, in excess of \$8,000 beginning January 1, 2018, in excess of \$9,000 beginning on January 1, 2023, and in excess of \$10,000 beginning on January 1, 2028, 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

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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 804 of title 53 of the Code of the
6 Federated States of Micronesia, as amended by Public Law Nos. 5-
7 120, 7-118, 9-56, 14-37, 14-86 and 15-73, is hereby amended to
8 read as follows:

9 "Section 804. Amount of retirement and disability
10 insurance benefits.

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

15 (a) For benefit payments that begin prior to
16 January 1, 2007; 16.5 percent of the first \$10,000 of
17 cumulative covered earnings, plus three percent of
18 cumulative covered earnings in excess of \$10,000 but not
19 in excess of the next \$30,000, plus two percent of
20 cumulative covered earnings in excess of \$40,000.

21 (b) For benefit payments that begin on or after
22 January 1, 2007 but before January 01, 2011; 16.5
23 percent of the first \$10,000 of cumulative covered
24 earnings, plus three percent of cumulative covered
25 earnings in excess of \$10,000 but not in excess of the

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

5 (c) For benefit payments that begin on or after
6 January 1, 2011:

7 (i) For individuals who are 65 and over;
8 16.5% of the first \$10,000 of cumulative covered
9 earnings, plus 3 percent of cumulative covered earnings
10 in excess of \$10,000 but not in excess of the next
11 \$30,000.00, plus 2% of the cumulative covered earnings
12 in excess of \$40,000 but not in excess of the next
13 \$262,500, plus one percent of cumulative covered
14 earnings in excess of \$302,500.

15 (ii) For individuals who turn 60 after
16 January 1, 2011, such individual from ages 60 to 64 will
17 receive fifty percent (50%) of the total of all the
18 described benefits in this subsection, 16.5% of the
19 first \$10,000 of cumulative covered earnings, plus 3
20 percent of cumulative covered earnings in excess of
21 \$10,000 but not in excess of the next \$30,000, plus 2%
22 of the cumulative covered earnings in excess of \$40,000
23 but not in excess of the next \$262,500, plus one percent
24 of cumulative covered earnings in excess of \$302,500.
25 These payments in this subsection only, shall be made

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1 without reduction pursuant to the earnings test in
2 section 603(7).

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

5 (d) Earnings for covered employment after
6 commencement of payments for retirement or disability
7 insurance benefits shall be included in benefit
8 calculations upon subsequent application for benefits,
9 but such earnings shall be applicable for benefits for
10 months after the calendar year in which such earnings
11 occurred. For the purpose of this section cumulative
12 covered earnings includes earnings on which
13 contributions have been paid by the individual to the
14 Trust Territory Social Security System.

15 (e) In the event, benefits have been received
16 under section 804(1)(c)(ii), such benefits shall be
17 automatically adjusted when the individual reaches age
18 65.

19 (f) For purposes of interpreting this section
20 "benefit payments begin on" is defined to mean the date,
21 whether retroactive or current when a benefit payment is
22 paid for a specific month. A benefit payment may begin
23 prior to the application date, subject to retroactive
24 payment limitations defined in this act.

25 (2) An insured, eligible individual shall be paid a

1 minimum monthly benefit of seventy five dollars if the
2 benefit amount calculated in accordance with subsection
3 (1) of this section is less than seventy five dollars
4 monthly. Effective on January 1, 2011, the minimum
5 monthly benefit shall be \$100. The minimum monthly
6 benefit is calculated per insured worker, not per
7 recipient.

8 (3) An individual who is currently and fully insured
9 and who has been under a disability for three full
10 calendar months and the onset of disability occurred on
11 or after January 01, 2011, or an individual who was
12 fully insured and the onset of disability occurred prior
13 to this bill becoming law shall be paid a monthly
14 benefit for life or until recovery from the disability,
15 except for any month of disqualification as provided by
16 this subtitle in an amount calculated in accordance with
17 the preceding subsections of this section, and for an
18 individual with an onset of disability on or after
19 January 1, 2011, he or she will receive benefits as if
20 he or she retired at age 65, but with existing quarters
21 of coverage. Further, the amount of the benefit as so
22 determined shall, if the individual is receiving a
23 periodic workmen's compensation benefit, be reduced each
24 month by the excess of the sum of the workmen's
25 compensation benefit for that month, and the benefit

~~PUBLIC LAW~~ No. 16-10 A

1 payable under this act over eighty percent of one-
2 twelfth of the highest annual covered wages in the
3 period consisting of the year in which the disability
4 occurred and the preceding five years. If a workmen's
5 compensation benefit was payable in periodic benefits
6 but was commuted to a lump sum, for purposes of this
7 subsection it will be considered that the periodic
8 benefit originally available was paid in each month that
9 it would have been paid if the commutation had not
10 occurred."

11 Section 3. Section 806 of title 53 of the Code of the
12 Federated States of Micronesia, as amended by Public Laws Nos. 5-
13 112, 7-119, 14-37 and 15-73, is hereby further amended to read as
14 follows:

15 "Section 806. Amount of survivor insurance benefits.

16 (1) The surviving spouse of a fully insured worker
17 eligible in accordance with section 802 of this chapter
18 shall be paid a monthly benefit or disability in an
19 amount equal to 60 percent of the retirement or
20 disability insurance benefit calculated for the deceased
21 spouse at the date of death. For a fully insured worker
22 who dies after January 1, 2011, the benefit will be
23 calculated as if he or she retired at age 65, but with
24 existing quarters of coverage.

25 (2) Each eligible child of an insured worker shall be

1 entitled to a monthly benefit of 15 percent of the
2 retirement insurance benefit calculated for the deceased
3 parent at the date of death. For a fully insured worker
4 who dies after January 1, 2011, the benefit will be
5 calculated as if he or she retired at age 65, but with
6 existing quarters of coverage.

7 (3) If the spouse of the deceased insured worker is
8 eligible for retirement or disability benefits based on
9 his or her own employment coverage, and is also eligible
10 for survivors' benefits, the spouse shall receive
11 whatever benefit pays the highest monthly benefit. In
12 addition, the surviving spouse shall be entitled to
13 receive a lump sum equal to four percent of the
14 cumulative covered earnings upon which the lower benefit
15 is based, less the sum of all benefits already received
16 on the basis of those cumulative covered earnings. If
17 the spouse elects to accept the lump sum payment, he or
18 she shall lose credit for all quarters of coverage
19 earned up to the date of application. If that individual
20 returns to work, he or she shall start over again to
21 earn quarters of coverage leading to being currently or
22 fully insured.

23 (4) The monthly benefit paid to the surviving
24 child(ren) shall be based on the higher of the two
25 benefits that have been earned by the deceased parents

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1 if fully or currently insured. In addition the
2 surviving child(ren) shall be entitled to receive a lump
3 sum equal to two percent of the other deceased's
4 parent's cumulative covered earnings, less the sum of
5 all benefits, if any, received by the deceased parent.

6 (5) The total survivors' benefit paid to the spouse
7 and children may not exceed the retirement benefit
8 calculated for the decedent as of the date of death
9 except that if the surviving spouse receives benefits
10 based on his or her own employment coverage, that amount
11 plus the survivors' benefits for the children may exceed
12 the amount of the deceased's retirement benefit. In no
13 event shall the amount paid be less than the minimum
14 established by the Social Security Administration, as
15 set out in section 804 of title 53 of the Code of the
16 Federated States of Micronesia.

17 Section 4. Section 809 of title 53 of the Code of the
18 Federated States of Micronesia, as amended by Public Laws Nos. 14-
19 37 and 14-86, and 15-73 is hereby further amended to read as
20 follows:

21 "Section 809. Payment of benefits to foreign citizens
22 outside Federated States of Micronesia.

23 Unless modified by a totalization or other international
24 agreement, benefit payments under this act shall be paid
25 to a beneficiary who is not a citizen or a national of

1 the Federated States of Micronesia and does not reside
2 in the Federated States of Micronesia, as follows:

3 (a) Payments shall be made to citizens and
4 nationals of the Republic of Palau, the Republic of the
5 Marshall Islands, and the United States as if they were
6 citizens or nationals of the Federated States of
7 Micronesia as long as the Social Security Administration
8 of those nations gives citizens and nationals of the
9 Federated States of Micronesia reciprocal treatment.

10 (b) For applications filed after this bill
11 becomes law, payments shall be made to citizens and
12 nationals of other nations if they are fully insured at
13 the time of application, in a lump sum equal to the
14 total amount contributed to the Social Security
15 Administration by the employee under section 901 of this
16 act while employed in the Federated States of Micronesia
17 as of the date the employee turns age 60 or is no longer
18 employed in the Federated States of Micronesia,
19 whichever is later, or dies prior to age 60. All
20 payments due under this section shall be payable over
21 six months, from the date of death, or the date of
22 turning age 60, and/or the date of filing an application
23 for such benefits, whichever is later subject to the
24 residency provision in paragraph (d) less any monthly or
25 periodic payments received.

1 (c) For applications filed prior to the date of
2 this bill becomes law, payments shall be made to
3 citizens and nationals of other nations in a lump sum
4 equal to the total amount contributed to the Social
5 Security Administration by the employee while employed
6 in the Federated States of Micronesia as of the date the
7 employee ceases to be a resident of the Federated States
8 of Micronesia in accordance with paragraph (d) of this
9 section.

10 (d) For purpose of this section, an individual
11 resides in the Federated States of Micronesia if they
12 are present in the territory of the Federated States of
13 Micronesia for 180 days out of the last 365 days and
14 have ties to the Federated States of Micronesia that
15 indicate residence such as a home, vehicle, bank account
16 or personal property.

17 (e) In determining the benefits and entitlements
18 under this title for an individual who receives a lump
19 sum payment in accordance with paragraphs (b), (c) or
20 (d) of this section and who subsequently returns to the
21 Federated States of Micronesia to undertake further
22 covered employment, no covered quarters, employee
23 contributions or employer contributions accrued by the
24 individual prior to receiving a lump sum payment shall
25 be counted."

Section 5. Section 901 of title 53 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 14-37 and 15-73, is hereby further amended to read as follows:

"Section 901. Employee contributions.

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

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

(b) with respect to wages paid from July 1, 1985, 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, 2010, the rate shall be six percent.

(f) with respect to wages paid on and after October 01, 2010, 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 6. Section 902 of title 53 of the Code of the

1 Federated States of Micronesia, as amended by Public Law No. 15-
2 73, is hereby further amended to read as follows:

3 "Section 902. Employer contributions.

4 (1) There is hereby imposed on every employer an
5 excise tax, with respect to having an individual in his
6 employment, equal to the following percentages of wages,
7 paid by him with respect to employment subject to this
8 subtitle:

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

12 (2) with respect to wages paid from July 1, 1985,
13 through June 30, 1990, the rate shall be three percent;

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

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

18 (5) with respect to wages paid after June 30,
19 2000, the rate shall be six percent.

20 (6) with respect to wages paid on and after
21 October 01, 2010, the rate shall be seven percent.

22 (7) with respect to wages paid on and after January
23 1, 2013, the rate shall be seven point five (7.5)
24 percent."

25

PUBLIC LAW No. 16-10

Section 7. This act shall become law upon approval by the
President of the Federated States of Micronesia or upon its
becoming law without such approval.

September 30, 2009

Manny Mori
Manny Mori
President
Federated States of Micronesia