

STANDING COMMITTEE REPORT NO. 16-115

RE: C.B. NO. 16-141/H&SA

SUBJECT: CHANGES TO TITLE 53, SOCIAL SECURITY

OCTOBER 6, 2010

The Honorable Isaac V. Figir
Speaker, Sixteenth Congress
Federated States of Micronesia
Fifth Regular Session, 2010

Dear Mr. Speaker:

Your committee on Health and Social Affairs, to which was referred C.B. No. 16-141, entitled:

"A BILL FOR AN ACT TO FURTHER AMEND TITLE 53 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAWS NOS. 12-76, 14-37, 14-86, 15-73, AND 16-10, BY AMENDING SECTIONS 603, 804, 806, 901 and 902 THEREOF, TO DELAY FOR ONE YEAR THE IMPLEMENTATION OF THE REDUCTION TO THE SOCIAL SECURITY RETIREMENT BENEFITS RECEIVED BY AN INDIVIDUAL BETWEEN THE AGES OF 60 AND 64, TO DELAY THE IMPLEMENTATION OF THE TAX INCREASE FOR ONE YEAR, AND FOR OTHER PURPOSES."

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

The subject bill, C.B. 16-141, proposes several amendments to title 53 of the FSM Code, which establishes the FSM Social Security Administration Program (FSMSSA).

Proposed Amendments

The amendments to title 53 of the FSM Code, are outlined below:

1. **Amendment to Section 603 (7).** The intent of this proposed amendment is to clarify that the application of the earning test may apply to old age benefits received by an individual between the ages of 60 and 64 to be consistent with certain circumstances as defined in

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section 804. Your Committee recommends that the effective date of this provision be delayed to January 1, 2012.

2. **Amendment to Section 804(1)(b).** As the bill currently reads, on January 1, 2011, Social Security benefits for individuals aged 60 to 64 will be reduced by 50 percent until the retiree reaches age 65, at which time the benefit will automatically be adjusted to what it would have been prior to the 50 percent reduction. Reduced payments will not be subject to the earnings test. Your Committee recommends that the effective date of this provision to be delayed January 1, 2012.

3. **Amendment to Section 806.** The amount of survivor insurance benefits of a fully insured worker who is eligible in accordance with section 802 of this chapter is calculated for the deceased spouse at the date of death as if the fully insured worker had retired at age 65, but with existing quarters of coverage will become effective on January 1, 2011. Your Committee recommends that the implementation of this provision be delayed for another year to January 1, 2012.

4. **Amendment to Sections 901 and 902.** Currently, the tax rate paid by employees and employers increased last Friday, October 1, 2010 to 7 percent, and then to 7.5 percent on January 1, 2013. Your Committee believes that the increase in the tax is needed and offers the following amendments:

1. Title, line 6, delete "to delay the implementation of the tax increase for one".
2. Title, line 7, delete "year,".
3. Page 20, line 7, delete "October 01, [~~2010~~] 2011" and insert "September 30, 2010" in lieu thereof.
4. Page 20, line 10, delete "[~~2010~~] 2011" and insert "2010" in lieu thereof.
5. Page 21, line 8, delete "[~~after June 30,~~]" and insert "after June 30," in lieu thereof.
6. Page 21, line 9, delete "from July 1,"; and delete "2011" and insert "2010" lieu thereof.

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7. Page 21, line 11, delete "[~~on and after~~]" and insert "on and after" in lieu thereof.
8. Page 21, line 12, delete "from"; and delete "[2010] 2011" and insert "2010" in lieu thereof; and following "December" delete "30" and insert "31" in lieu thereof.

Your Committee on Health and Social Affairs is in accord with the intent and purpose of C.B. No. 16-141, as amended herein, and recommends its passage on First Reading, and that it be placed on the Calendar for Second and Final reading in the form attached hereto as C.B. No. 16-141, C.D.1.

Respectfully submitted,

/s/ Setiro Paul
Setiro Paul, chairman

/s/ Tony H. Otto
Tony H. Otto, vice chairman

Isaac V. Figir, member

/s/ Joe N. Suka
Joe N. Suka, member

Fredrico O. Primo, member

/s/ Dion G. Neth
Dion G. Neth, member

/s/ Claude H. Phillip
Claude H. Phillip, member