
A BILL FOR AN ACT

To amend chapter 8 of title 53 of the Code of the Federated States of Micronesia (Annotated), by amending section 804 thereof, in order to remove the earnings test for persons at age 65 who are entitled to old age retirement benefits, by amending section 810 thereof, in order to allow individuals not fully insured at retirement age to elect to receive an optional lump-sum payment for their full tax contribution into the social security system, and for other purposes.

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

2 Section 1. Section 804 of title 53 of the Code of the
3 Federated States of Micronesia (Annotated) is hereby
4 amended to read as follows:

5 "Section 804. Amount of retirement and disability
6 insurance benefits.

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

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

17 (b) For benefit payments that begin on or after
18 January 1, 2007 but before January 1, 2011; 16.5 percent

1 of the first \$10,000 of cumulative covered earnings, plus
2 three percent of cumulative covered earnings in excess of
3 \$10,000 but not in excess of the next \$30,000, plus two
4 percent of cumulative covered earnings in excess of
5 \$40,000 but not in excess of the next \$262,500, plus one
6 percent of cumulative covered earnings in excess of
7 \$302,500.

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

10 (i) For individuals who are 65 and over;
11 16.5% of the first \$10,000 of cumulative covered
12 earnings, plus three percent of cumulative covered
13 earnings in excess of \$10,000 but not in excess of the
14 next \$30,000, plus two percent of the cumulative covered
15 earnings in excess of \$40,000 but not in excess of the
16 next \$262,500, plus one percent of cumulative covered
17 earnings in excess of \$302,500. These payments in this
18 subsection shall be made without reduction pursuant to
19 the earnings test in section 603(7) of this subtitle.

20 (ii) For individuals who turn 60 after
21 January 1, 2011, such individual from ages 60 to 64 will
22 receive 50% of the total of all the described benefits in
23 this subsection, 16.5% of the first \$10,000 of cumulative
24 covered earnings, plus three percent of cumulative
25 covered earnings in excess of \$10,000 but not in excess

1 of the next \$30,000, plus two percent of the cumulative
2 covered earnings in excess of \$40,000 but not in excess
3 of the next \$262,500, plus one percent of cumulative
4 covered earnings in excess of \$302,500. These payments
5 in this subsection [~~only,~~] shall be made without
6 reduction pursuant to the earnings test in section 603(7)
7 of this subtitle.

8 [~~(iii) For individuals under age 60, benefit~~
9 ~~payments would be calculated the same as subsection (i)~~
10 ~~of this subsection].~~

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

21 (e) In the event, benefits have been received under
22 section 804(1)(c)(ii), such benefits shall be
23 automatically adjusted when the individual reaches age
24 65.

25 (f) For purposes of interpreting this section

1 "benefit payments begin on" is defined to mean the date,
2 whether retroactive or current when a benefit payment is
3 paid for a specific month. A benefit payment may begin
4 prior to the application date, subject to retroactive
5 payment limitations defined in this Act.

6 (2) An insured, eligible individual shall be paid a
7 minimum monthly benefit of \$75 if the benefit amount
8 calculated in accordance with subsection (1) of this
9 section is less than \$75 monthly. Effective on January 1,
10 2011, the minimum monthly benefit shall be \$100. The
11 minimum monthly benefit is calculated per insured worker,
12 not per recipient.

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

1 coverage. Further, the amount of the benefit as so
2 determined shall, if the individual is receiving a
3 periodic workmen's compensation benefit, be reduced each
4 month by the excess of the sum of the workmen's
5 compensation benefit for that month, and the benefit
6 payable under this Act over 80 percent of one-twelfth of
7 the highest annual covered wages in the period consisting
8 of the year in which the disability occurred and the
9 preceding five years. If a workmen's compensation
10 benefit was payable in periodic benefits but was commuted
11 to a lump sum, for purposes of this subsection it will be
12 considered that the periodic benefit originally available
13 was paid in each month that it would have been paid if
14 the commutation had not occurred."

15 Section 2. Section 810 of title 55 of the Code of the
16 Federated States of Micronesia (Annotated) is hereby amended to
17 read as follows:

18 "Section 810. Optional lump sum payment to individuals
19 not fully insured who reach retirement age.

20 (1) Any individual who reaches retirement age and who
21 is not fully insured for Social Security benefits may,
22 at his or her own option, elect to have a lump sum
23 payment [~~of four percent~~] for his or her total
24 cumulative covered earnings that is equivalent to their
25 employee social security tax contributions under section

