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A BILL FOR AN ACT

To amend sections 103 and 304 of title 53 of the Code of the Federated States of Micronesia, the Trust Territory Social Security Act, as amended by Public Law No. 3-11, to provide for increases in earnings allowed before reduction in monthly benefits, in quarterly taxable wages, and in retirement benefits, and for other purposes.

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

1 Section 1. Section 103 of title 53 of the Code of the Federated
2 States of Micronesia, as amended by Public Law No. 3-11, is hereby further
3 amended to read as follows:

4 "Section 103. Definitions. In this title, unless the context
5 otherwise requires, the following definitions shall be applicable:

6 (1) 'Agricultural labor' includes all service performed on
7 a farm in the employ of the owner or tenant or other operator of
8 a farm in connection with the operation, management,
9 conservation, or improvement of such farm and its tools and
10 equipment, or in the production or harvesting of any commodity
11 and its preparation for market. The term 'farm' shall include
12 stock, dairy, poultry, fruit orchards, and truck garden farms,
13 plantations, ranches, nurseries, greenhouses, or similar
14 structures used for raising agricultural or horticultural
15 commodities.

16 (2) 'Became disabled' means the first month in which an
17 individual is under a disability and is both fully and currently
18 insured.

19 (3) 'Board' as used in this title, means the Trust
20 Territory Social Security Board provided for by chapter 2 of
21 this title.

22 (4) 'Contributions' shall mean the tax imposed upon income
23 of covered employees and the tax imposed upon employers on
24 account of wages paid to a covered employee.

25 (5) 'Disability' means inability to engage in any

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1 substantial gainful employment by reason of any medically
2 determinable physical or mental impairment which can be expected
3 to result in death or which has lasted or can be expected to
4 last for a continuous period of not less than twelve months.

5 (6) 'Earnings test' means that an individual who receives
6 a retirement or survivor's pension and who works in covered or
7 noncovered employment shall have his quarterly benefit reduced
8 by one dollar for each two dollars earned in a quarter, except
9 there shall be no reduction for the first ~~\$200~~ \$300 earned in a
10 quarter. The reduction shall be applied in the subsequent two
11 quarters immediately after the quarter in which the earnings
12 were made.

13 (7) The term 'employee' means:

14 (a) any officer of a corporation; or

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

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

21 (d) any self-employed person who had more than
22 \$10,000 of annual gross revenue in the preceding calendar year.

23 (8) 'Employment' means any service by an employee for the
24 Trust Territory employer employing him, irrespective of where
25 such employment shall be performed, except family employment.

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

(10) 'Insured status' for the purposes of this title:

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

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

(i) the quarter in which he died; or

(ii) the quarter in which he became entitled to old age insurance benefits; or

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

(11) The term 'quarter' and the term 'calendar quarter,' mean a period of three calendar months ending on March 31, June 30, September 30, or December 31.

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1 The term 'quarter of coverage' means a quarter in
2 which the individual has been paid \$50 or more in wages in
3 employment subject to this title.

4 (12) 'Wages' means remuneration paid subject to the
5 provisions of this title, including the cash value of all
6 remuneration paid in any medium other than cash and remuneration
7 accruing to a self-employed person. Remuneration accruing to a
8 self-employed person shall be deemed to be twice the amount paid
9 to the highest paid employee reported by the self-employed
10 person in a quarter, subject to ~~\$1,500~~ \$2000 maximum per
11 quarter. Remuneration accruing to a self-employed person who
12 has no covered employees shall be deemed to be twenty-five
13 percent per quarter of ten percent of the gross revenue of his
14 business for the previous calendar year, subject to ~~\$1,500~~ \$2000
15 maximum. Remuneration paid for any service which is more or
16 less than a whole dollar shall, as may be prescribed by
17 regulations, be computed to the nearest dollar. Wages shall not
18 include:

19 (a) that part of remuneration in excess of ~~\$1,500~~
20 \$2000 paid in a quarterly reporting period by one employer;

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

24 (c) any payment made to or on behalf of an employee
25 or to his beneficiary from a trust or annuity;

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

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

Section 2. Section 304 of title 53 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 304. Retirement benefits.

(1) An insured, eligible individual shall be paid a monthly old age retirement pension for life, except for any month of disqualification as provided by this title, in an amount calculated upon an annual basis of ~~12.6~~ 14.4 percent of the first \$10,000 of cumulative covered earnings, plus ~~2.1~~ 2.4 percent of cumulative covered earnings in excess of \$10,000, but not in excess of the next \$30,000, plus ~~1.03~~ 1.2 percent of cumulative covered earnings in excess of \$40,000.

(2) Earnings for employment after commencement of payments for old age or disability insurance benefits shall be included in benefit calculations upon subsequent application for benefits, but such earnings shall be applicable for benefits for months after the calendar year in which such earnings occurred.

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(3) An insured, eligible individual shall be paid a minimum monthly pension of ~~\$\$\$/00~~ \$38.40 if the pension amount calculated in accordance with subsection (1) of this section is less than ~~\$\$\$/00~~ \$38.40 monthly."

Section 3. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval, and shall take effect, upon concurrent legislation enacted by the Governments of the Republic of Palau and the Republic of the Marshall Islands and the approval by the High Commissioner of this act and such concurrent legislation, except that subsection (12) of section 103, as amended by section 1 of this act, shall take effect on October 1, 1984.

Date: 11/4/83Introduced by: John HagleganJohn Haglegan
(by request)