

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. 5-120, 6-111, 7-118, 7-119, and 7-120, by further amending section 603, as amended by Public Laws Nos. 5-120 and 7-118, to raise the amount that individuals receiving benefits may earn without a reduction in benefits, 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 Federated States of Micronesia, as
2 amended by Public Laws Nos. 5-120 and 7-118, is hereby further amended to read as
3 follows:

4 "Section 603. Definitions. In this chapter, unless the context otherwise
5 requires, the following definitions shall be applicable:

6 (1) 'Became disabled' means the first month in which an individual is
7 under a disability and is both fully and currently insured.

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

10 (3) 'Child or spouse' means that an applicant is the child or spouse of an
11 individual if the court of the State in which the individual was domiciled at the
12 time of his death has or would find the applicant to be the individual's child or
13 spouse in determining the devolution of intestate personal property.

14 (4) 'Contributions' means the tax imposed upon income of covered
15 employees and the tax imposed upon employers on account of wages paid to a
16 covered employee.

17 (5) 'Disability' means inability to engage in any substantial gainful
18 employment by reason of any medically determinable physical or mental
19 impairment which can be expected to result in death or which has lasted or can
20 be expected to last for a continuous period of not less than twelve months.

21 (6) 'Earning test' means that an individual who receives a retirement,
22 disability, or survivor benefit and who works in covered or noncovered
23 employment shall have his quarterly benefit reduced by one dollar for each two
24 dollars earned in a quarter, except there shall be no reduction for the first
25 ~~\$300~~ 5,000 earned in a quarter. The reduction shall be applied in one of the

1 subsequent two quarters immediately after the quarter in which the earnings
2 were made, or as soon as possible thereafter.

3 (7) 'Employee' means:

4 (a) any officer of a corporation; or

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

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

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

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

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

20 (10) 'Insured status' can mean any of the following:

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

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

25 (ii) the quarter in which he became entitled to old age

1 insurance benefits; or

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

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

11 (11) 'Quarter' and 'calendar quarter' mean a period of three calendar
12 months ending on March 31st, June 30th, September 30th, or December 31st.
13 'Quarter of coverage' means a quarter in which the individual has been paid fifty
14 dollars or more in wages in employment subject to this subtitle.

15 (12) 'Wages' means remuneration paid subject to the provisions of this
16 subtitle, including the cash value of all remuneration paid in any medium other
17 than cash and remuneration accruing to a self-employed person. Remuneration
18 accruing to a self-employed person shall be deemed to be twice the amount paid
19 to the highest-paid employee reported by the self-employed person in a
20 quarter, \$3,000 maximum per quarter. Remuneration accruing to a self-
21 employed person who has no covered employees shall, for each quarter of a year,
22 be deemed to be 2.5 percent of the gross revenue of the business for the previous
23 calendar year, subject to \$3,000 maximum. Remuneration paid for any service
24 which is more or less than a whole dollar shall, as may be prescribed by
25 regulations, be computed to the nearest dollar. Wages shall not include:

1 (a) that part of remuneration in excess of \$3,000 paid in a
2 quarterly reporting period by one employer;

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

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

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

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

15 (f) remuneration from family employment subject to the
16 provisions of this subtitle."

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

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20 Date: 3/26/93

Introduced by:


Dohsis S. Halbert