

A BILL FOR AN ACT

To further amend title 53 of the Code of the Federated States of Micronesia, as amended, by further amending section 603, as amended by Public Laws Nos. 5-120 and 7-118, by removing the "currently insured" category from the definition of the term "became disabled", by amending section 803, and by further amending section 804, as amended by Public Laws Nos. 5-120 and 7-118, by removing the term "currently insured" therefrom, all for the purpose of eliminating "currently insured" status as a prerequisite for receiving disability benefits under the Federated States of Micronesia Social Security Act, 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
2 States of Micronesia, as amended by Public Laws Nos. 5-120 and 7-118, is
3 hereby further amended to read as follows:

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

7 (1) 'Became disabled' means the first month in which an
8 individual is under a disability and is ~~not~~ fully ~~and~~
9 ~~currently~~ insured.

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

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

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

22 (5) 'Disability' means inability to engage in any
23 substantial gainful employment by reason of any medically
24 determinable physical or mental impairment which can be
25 expected to result in death or which has lasted or can be

1 expected to last for a continuous period of not less than
2 twelve months.

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

12 (7) 'Employee' means:

13 (a) any officer of a corporation; or

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

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

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

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

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

6 (10) 'Insured status' የሚለው ማለት የሆነ ሰው የሚገኝበት
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15 ሆኖ refers to the status of a fully insured
 16 individual. 'Fully insured individual' means any individual who
 17 has not less than one quarter of coverage for each year
 18 beginning after June 30, 1968, or for each year after attaining
 19 the age of twenty-one, whichever is later, and up to but
 20 excluding the year in which he attained retirement age, became
 21 disabled, or died, whichever first occurred, except that in no
 22 case shall an individual be a fully insured individual unless
 23 he has at least 12 quarters of coverage.

24 (11) 'Quarter' and 'calendar quarter' mean a period of
 25 three calendar months ending on March 31st, June 30th,

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

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

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

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

25 (c) any payment made to or on behalf of an employee

1 or to the employee's beneficiary from a trust or annuity;

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

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

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

13 Section 2. Section 803 of title 53 of the Code of the Federated
14 States of Micronesia is hereby amended to read as follows:

15 "Section 803. Dependent's benefits -- Disability benefits.

16 (1) Every surviving child who is dependent upon an
17 individual entitled to old age benefits or who was dependent
18 upon an individual who died fully insured or currently insured,
19 shall be entitled, upon filing application, to a child's
20 insurance benefit for each month beginning with the month of
21 death of such individual and ending with the month preceding
22 whichever of the following first occurs:

23 (a) attainment of age eighteen years, except that
24 benefits are payable until the month before the attainment of
25 age twenty-two so long as the beneficiary is a bona fide

1 student, and except that benefits are payable during the
2 disability of a child who was disabled before the attainment of
3 age twenty-two;

4 (b) marriage; or

5 (c) adoption.

6 (2) A child shall be deemed dependent upon his parent or
7 adopting parent unless such individual was not living in the
8 same household with or contributing to the support of such
9 child. Child's insurance benefits shall be paid to the
10 individual upon whom the child is currently dependent, except
11 such benefit shall be subject to the earnings test as defined
12 in this subtitle.

13 (3) Every individual who is a fully ~~and currently~~ insured
14 individual and is disabled and has been disabled for at least
15 three full calendar months, upon filing an application for
16 disability insurance benefits, shall be entitled to a
17 disability insurance benefit for each month beginning with the
18 first month of the waiting period and ending with the month
19 preceding the month in which he dies or recovers from his
20 disability, subject to the earnings test as defined in this
21 subtitle."

22 Section 3. Section 804 of title 53 of the Code of the Federated
23 States of Micronesia, as amended by Public Laws Nos. 5-120 and 7-118, is
24 hereby further amended to read as follows:

25 "Section 804. Amount of retirement and disability insurance

1 benefits.

2 (1) An insured eligible individual shall be paid a
3 monthly old age benefit for life, except for any month of
4 disqualification as provided by this subtitle, in an amount
5 calculated upon an annual basis of 16.5 percent of the first
6 \$10,000 of cumulative covered earnings, plus 3 percent of
7 cumulative covered earnings in excess of \$10,000 but not in
8 excess of the next \$30,000, plus 2 percent of cumulative
9 covered earnings in excess of \$40,000. Earnings for employment
10 after commencement of payments for retirement or disability
11 insurance benefits shall be included in benefit calculations
12 upon subsequent application for benefits, but such earnings
13 shall be applicable for benefits for months after the calendar
14 year in which such earnings occurred. For the purpose of this
15 section cumulative covered earnings includes earnings on which
16 contributions have been paid by the individual to the Trust
17 Territory Social Security System.

18 (2) An insured, eligible individual shall be paid a
19 minimum monthly benefit of fifty dollars if the benefit amount
20 calculated in accordance with subsection (1) of this section is
21 less than fifty dollars monthly.

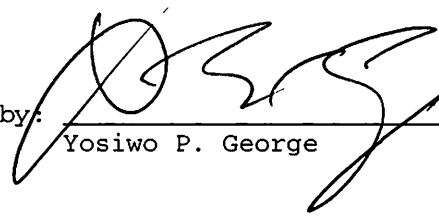
22 (3) An individual who is ~~not~~ fully ~~and currently~~ insured
23 and who has been under a disability for three full calendar
24 months shall be paid a monthly benefit for life or until
25 recovery from the disability, except for any month of

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

16 Section 4. This act shall become law upon approval by the
17 President of the Federated States of Micronesia or upon its becoming law
18 without such approval.

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20 Date: 11/06/85

Introduced by: 

Yosiwo P. George

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