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 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 States of Micronesia, as amended by Public Laws Nos. 5-120 and 7-118, is hereby further amended to read as follows:

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

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

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

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

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

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

twelve months.

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

(7) 'Employee' means:

(a) any officer of a corporation; or

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

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

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

(8) 'Employment' means any service by an employee for an
employer incorporated or doing business within the Federated
States of Micronesia employing him, irrespective of where such
employment is performed, except family employment.
(9) 'Family employment' means employment of a worker by a member of the household, a parent or a 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 subtitle.

(10) 'Insured status' refers to the status of a fully insured individual. '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, 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 12 quarters of coverage.

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

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

(a) that part of remuneration in excess of $3,000
paid in a quarterly reporting period by one employer;
(b) any payment on account of sickness or accident
disability, or medical or hospitalization expenses made by an
employer to or on behalf of an employee;
(c) any payment made to or on behalf of an employee
or to the employee's beneficiary from a trust or annuity;

d (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 (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; and

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

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

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

(1) Every surviving child who is dependent upon an

individual entitled to old age benefits or who was dependent

upon an individual who died fully insured or currently insured,

shall be entitled, upon filing application, to a child's

insurance benefit for each month beginning with the month of

death of such individual and ending with the month preceding

whichever of the following first occurs:

(a) attainment of age eighteen years, except that

benefits are payable until the month before the attainment of

age twenty-two so long as the beneficiary is a bona fide
student, and except that benefits are payable during the
disability of a child who was disabled before the attainment of
age twenty-two;

(b) marriage; or

(c) adoption.

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

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

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

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

(1) An insured eligible individual shall be paid a
monthly old age benefit for life, except for any month of
disqualification as provided by this subtitle, in an amount
calculated upon an annual basis of 16.5 percent of the first
$10,000 of cumulative covered earnings, plus 3 percent of
cumulative covered earnings in excess of $10,000 but not in
excess of the next $30,000, plus 2 percent of cumulative
covered earnings in excess of $40,000. Earnings for employment
after commencement of payments for retirement 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. For the purpose of this
section cumulative covered earnings includes earnings on which
contributions have been paid by the individual to the Trust
Territory Social Security System.

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

(3) An individual who is [fully] insured
and who has been under a disability for three full calendar
months shall be paid a monthly benefit for life or until
recovery from the disability, except for any month of
disqualification as provided by this subtitle in an amount calculated in accordance with the preceding subsections of this section. Further, the amount of the benefit as so determined shall, if the individual is receiving a periodic workmen's compensation benefit, be reduced each month by the excess of the sum of the workmen's compensation benefit for that month and the benefit payable under this act over eighty percent of one-twelfth of the highest annual covered wages in the period consisting of the year in which the disability occurred and the preceding 5 years. If a workmen's compensation benefit was payable in periodic benefits but was commuted to a lump sum, for purposes of this subsection it will be considered that the periodic benefit originally available was paid in each month that it would have been paid if the commutation had not occurred."

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

Date: 11/06/85

Introduced by Yosiwo P. George