
A BILL FOR AN ACT

To amend section 804 of title 53 of the Code of the Federated States of Micronesia (Annotated), to allow, beginning January 1, 2018, for old age benefits to be paid in full to recipients between the ages of 60 and 65, and for other purposes.

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

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

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

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

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

16 (b) For benefit payments that begin on or after
17 January 1, 2007 but before January 1, 2011; 16.5 percent
18 of the first \$10,000 of cumulative covered earnings, plus

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

7 (c) For benefit payments that [~~begin~~] began on
8 or after January 1, 2011 and were due before January 1,
9 2018:

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.

18 (ii) For individuals who turn 60 after January
19 1, 2011, for payments due before January 1, 2018, such
20 individual from ages 60 to 64 will receive 50% of the
21 total of all the described benefits in this subsection,
22 16.5% of the first \$10,000 of cumulative covered
23 earnings, plus three percent of cumulative covered
24 earnings in excess of \$10,000 but not in excess of the
25 next \$30,000, plus two percent of the cumulative covered

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

6 (iii) For individuals under age 60, benefit
7 payments would be calculated the same as subsection (i)
8 of this subsection.

9 (d) For benefit payments that began on or after
10 January 1, 2011 and are due on or after January 1, 2018:
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 subject to reduction pursuant to the
19 earning test in section 603(7) of this subtitle.

20 ([d]e) Earnings for covered employment after
21 commencement of payments for retirement or disability
22 insurance benefits shall be included in benefit
23 calculations upon subsequent application for benefits,
24 but such earnings shall be applicable for benefits for
25 months after the calendar year in which such earnings

1 occurred. For the purpose of this section cumulative
2 covered earnings includes earnings on which contributions
3 have been paid by the individual to the Trust Territory
4 Social Security System.

5 ([e]f) In the event, benefits have been
6 received under section 804(1)(c)(ii), such benefits shall
7 be automatically adjusted when the individual reaches age
8 65.

9 ([f]g) For purposes of interpreting this
10 section "benefit payments begin on" is defined to mean
11 the date, whether retroactive or current when a benefit
12 payment is paid for a specific month. A benefit payment
13 may begin prior to the application date, subject to
14 retroactive payment limitations defined in this Act.

15 (2) An insured, eligible individual shall be paid a
16 minimum monthly benefit of \$75 if the benefit amount
17 calculated in accordance with subsection (1) of this
18 section is less than \$75 monthly. Effective on January
19 1, 2011, the minimum monthly benefit shall be \$100. The
20 minimum monthly benefit is calculated per insured worker,
21 not per recipient.

22 (3) An individual who is currently and fully insured
23 and who has been under a disability for three full
24 calendar months and the onset of disability occurred on
25 or after January 01, 2011, or an individual who was

1 fully insured and the onset of disability occurred prior
2 to this bill becoming law shall be paid a monthly
3 benefit for life or until recovery from the disability,
4 except for any month of disqualification as provided by
5 this subtitle in an amount calculated in accordance with
6 the preceding subsections of this section, and for an
7 individual with an onset of disability on or after
8 January 1, 2011, he or she will receive benefits as if
9 he or she retired at age 65, but with existing quarters
10 of coverage. Further, the amount of the benefit as so
11 determined shall, if the individual is receiving a
12 periodic workmen's compensation benefit, be reduced each
13 month by the excess of the sum of the workmen's
14 compensation benefit for that month, and the benefit
15 payable under this Act over 80 percent of one-twelfth of
16 the highest annual covered wages in the period
17 consisting of the year in which the disability occurred
18 and the preceding five years. If a workmen's
19 compensation benefit was payable in periodic benefits
20 but was commuted to a lump sum, for purposes of this
21 subsection it will be considered that the periodic
22 benefit originally available was paid in each month that
23 it would have been paid if the commutation had not
24 occurred."

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

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5 Date: 7/13/17

Introduced by: /s/ Dion G. Neth
Dion G. Neth

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