

A BILL FOR AN ACT

TO further amend title 53 of the Code of the Federated States of Micronesia, as amended, by amending sections 606, 703, 801, 802, 803 and 806, and by enacting new sections 801A and 801B, to reduce administrative costs, simplify the calculation of benefits, and make technical corrections to 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 606 of title 53 of the Code of the Federated
2 States of Micronesia is hereby amended to read as follows:

3 "Section 606. Accounts, budget, and costs of administration.

4 (1) At such time as the Social Security Board may
5 prescribe, the Social Security Administrator shall submit to
6 the Board, on forms and in the manner prescribed by the
7 Board, a detailed estimate of the budget for the next ensuing
8 fiscal year for the proper conduct of the Social Security
9 System. [~~The~~] At a minimum, the Social Security
10 Administrator shall submit to the Board:

11 (a) the audited accounts of the income and expenditure
12 and the balance in the Social Security Retirement Fund for
13 the last completed fiscal year;

14 (b) a statement showing the estimated income and
15 expenditure for the fiscal year in progress, together with
16 such summaries, schedules, and supporting data as may be
17 deemed necessary;

1 (c) a statement showing the estimated balance of the
2 Social Security Retirement Fund at the close of the fiscal
3 year in progress; and

4 (d) a budget showing the estimated income and
5 expenditure for the next ensuing fiscal year.

6 (2) For the next ensuing fiscal year, the estimated costs
7 of administration, including salaries and wages, purchase of
8 office supplies, operational expenses, and the maintenance of
9 branch offices, shall not exceed an expenditure maximum equal
10 to ~~[11]~~ 10 percent of the ~~[estimated]~~ net income for ~~[that]~~
11 the last completed fiscal year ~~[from contributions and~~
12 ~~interest and dividend income on investments less investment~~
13 ~~expenses]~~. The audited accounts from the last completed
14 fiscal year and the budget for the ensuing fiscal year shall
15 be approved by the Board and submitted to the President and
16 the Congress of the Federated States of Micronesia. Should
17 the estimated costs of administration exceed the expenditure
18 maximum, legislative approval of the budgeted administration
19 expenses is required."

20 Section 2. Section 703 of title 53 of the Code of the Federated
21 States of Micronesia is hereby amended to read as follows:

22 "Section 703. Promulgation of regulations - Hearings -
23 Employees - Annual report.

24 (1) Regulations. Within 90 days of this act becoming law,
25 the [The] Board [may] shall adopt, and may thereafter

1 amend~~[7]~~ or rescind~~l~~ regulations for the administration of
2 this subtitle. All such regulations shall be promulgated for
3 public comment and shall be adopted, amended, or rescinded
4 pursuant to the provisions of chapter 1 of title 17 of [this]
5 the Code of the Federated States of Micronesia. [It may]

6 (2) Hearings. The Board shall hold hearings~~l~~ or make
7 decisions upon hearings delegated to others~~l~~ for the purpose
8 of determining any question involving any right, benefit, or
9 obligation of any person subject to this subtitle. ~~[It may]~~

10 (3) Employees. The Board shall fix the compensation of
11 such employees it deems necessary within the limits of
12 available administrative funds budgeted for its operation,
13 and ~~[it]~~ may contract for special actuarial and other
14 counseling on a fee basis. It shall bond itself and its
15 employees in such amounts as it shall fix. ~~[It]~~

16 (4) Accounts. The Board shall receive audited accounts of
17 the Social Security System ~~[within 90 days of the end of the~~
18 ~~fiscal year of the system]~~ and transmit these accounts to the
19 President and the Congress of the Federated States of
20 Micronesia within 90 days of the end of the fiscal year of
21 the system. The annual accounts and reports shall be made
22 available to the public. ~~[It]~~ Each fiscal year, the Board
23 shall also submit to the President and the Congress ~~[for each~~
24 ~~fiscal year]~~ a report on its operations and the condition of
25 its funds, and ~~[subject to section 707 of this chapter, in~~

1 ~~such report]~~ shall therein, pursuant to section 707 of this
2 chapter, make recommendations for amendments to this subtitle
3 as it deems desirable."

4 Section 3. Section 801 of title 53 of the Code of the Federated
5 States of Micronesia is hereby amended to read as follows:

6 "Section 801. Scope of coverage; Verification of employment.

7 (1) All employees, wherever employed by an employer
8 incorporated or doing business in the Federated States of
9 Micronesia, shall be covered by the provisions of this
10 subtitle, unless both the employer and the employee are
11 currently subject to any other recognized Social Security
12 System.

13 (2) The highest administrator of the Social Security
14 System, or his designees, shall cause at least two
15 unannounced employment site checks to be conducted upon every
16 non-government employee who first begins to contribute to the
17 Social Security System after age 45 years to ensure that such
18 non-government employee is actually engaged in an employer-
19 employee relationship that will allow him to be covered and
20 eligible for benefits under this subtitle. The two
21 employment site checks shall not be conducted within one
22 month from each other and both shall be conducted within the
23 first six months of the employee's first contribution payment
24 to the Social Security System.

25 (3) For the purposes of this subtitle, any elected official

1 in any Government unit or body in the Federated States of
2 Micronesia is deemed to be an employee employed by a
3 Federated States of Micronesia employer. The governmental
4 unit or body to which such person is elected is subject to
5 the provisions in this subtitle relating to the duty and
6 obligations of a Federated States of Micronesia employer.

7 [~~(2) Every person who:~~

8 ~~(a) is a fully insured individual, as defined in this~~
9 ~~subtitle;~~

10 ~~(b) has attained age 60 years; and~~

11 ~~(c) has filed application for old age insurance shall~~
12 ~~be entitled to an old age insurance benefit for each month,~~
13 ~~beginning with the month for which both paragraphs (a) and~~
14 ~~(b) of this subsection are satisfied and ending with the~~
15 ~~month preceding the month in which he dies, subject to the~~
16 ~~earnings test as defined in this subtitle.]"~~

17 Section 3. Title 53 of the Code of the Federated States of
18 Micronesia, as amended, is hereby further amended by enacting a new
19 section 801A to read as follows:

20 "Section 801A. Old age benefits.

21 (1) Eligibility. Every person who:

22 (a) is a fully insured individual, as defined in this
23 subtitle;

24 (b) has attained 60 years of age; and

25 (c) has filed an application for old age insurance

1 benefits;
2 shall be entitled to an old age insurance benefit.

3 (2) Duration of benefits. Benefits shall be paid on a
4 monthly basis and shall begin as of the date such person
5 attains the age of sixty years and end with the date such
6 person dies; provided, however, that such benefits shall be
7 subject to the earnings test as defined in this subtitle and
8 shall be prorated for any portion of a month during which
9 such person is ineligible to receive benefits."

10 Section 4. Title 53 of the Code of the Federated States of
11 Micronesia, as amended, is hereby further amended by enacting a new
12 section 801B to read as follows:

13 "Section 801B. Disability benefits.

14 (1) Eligibility. Every individual who:

15 (a) is a fully insured individual;

16 (b) is disabled and has been disabled for at least
17 three full calendar months; and

18 (c) has filed an application for disability insurance
19 benefits; shall be entitled to a disability insurance
20 benefit. A person becomes 'disabled' as of the date he is
21 medically determined to be under a disability.

22 (2) Duration of benefits. Disability insurance benefits
23 shall be paid on a monthly basis and shall be paid as of the
24 date the person is determined to be under a disability and
25 end with the date on which such person dies or recovers from

1 the disability; provided, however, that such benefit shall be
2 subject to the earnings test as defined in this subtitle and
3 shall be prorated for any portion of a month during which
4 such person is ineligible to receive benefits."

5 Section 6. Section 802 of title 53 of the Code of the Federated
6 States of Micronesia is hereby amended to read as follows:

7 "Section 802. Surviving spouse's benefits.

8 The surviving spouse of an individual who died fully insured,
9 if such spouse has filed an application for survivor's
10 benefits, shall be entitled to a monthly survivor insurance
11 benefit [~~for each month~~], beginning with the [~~month~~] date of
12 death of the fully insured spouse and ending with the [~~month~~
13 ~~preceding the month in~~] date on which the surviving spouse
14 dies or remarries; provided, however, that such benefit shall
15 be subject to the earnings test as defined in this subtitle
16 and shall be prorated for any portion of a month during which
17 such spouse is ineligible to receive such benefit."

18 Section 7. Section 803 of title 53 of the Code of the Federated
19 States of Micronesia is hereby amended to read as follows:

20 "Section 803. Dependent's benefits [~~—Disability benefits~~].

21 (1) Every surviving child who is dependent upon an
22 individual entitled to old age or disability benefits or who
23 was dependent upon an individual who died fully insured or
24 currently insured, shall be entitled, upon filing
25 application, to a monthly child's insurance benefit, [~~for~~

1 ~~each month~~] beginning with the [~~month~~] date of death of such
2 individual and ending with the [~~month preceding whichever~~]
3 date on which any of the following first occurs:

4 (a) attainment of the age of eighteen [~~18~~] years,
5 except that;

6 (i) such benefits [~~are~~] shall be payable until
7 the [~~month before the attainment of~~] age twenty-two [~~22~~] so
8 long as the beneficiary is a bona fide student[~~7~~]; and
9 [~~except that~~]

10 (ii) such benefits [~~are~~] shall be payable during
11 the disability of a child who was disabled before [~~the~~
12 ~~attainment of~~] attaining the age of twenty-two [~~22~~];

13 (b) marriage; or

14 (c) adoption;

15 provided, however, that such benefit shall be paid on a
16 monthly basis and shall be prorated for any portion of a
17 month during which said child is ineligible to receive a
18 child's insurance benefit.

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

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

10 Section 8. Section 806 of title 53 of the Code of the Federated
11 States of Micronesia is hereby amended to read as follows:

12 "Section 806. Amount of survivor insurance benefits.

13 (1) The surviving spouse of a fully insured worker eligible
14 in accordance with section 802 of this chapter shall be paid
15 a monthly benefit or disability in an amount equal to [~~sixty~~]
16 65 percent of the total monthly retirement or disability
17 insurance benefit [calculated for] previously paid to the
18 deceased spouse [at the date of death].

19 (2) Each eligible child of an insured worker shall be
20 entitled to a monthly benefit of [~~fifteen~~] 20 percent of the
21 total monthly retirement or disability insurance benefit
22 [calculated for] previously paid to the deceased parent [at
23 the date of death].

24 (3) If the spouse of the deceased insured worker is
25 eligible for retirement or disability benefits based on his

1 or her own employment coverage, and is also eligible for
2 survivors' benefits, the spouse shall receive [~~whatever~~
3 whichever benefit pays the largest monthly payment, but not
4 both.

5 (4) The total amount of survivors' benefit paid to the
6 spouse and children may not exceed the [retirement benefit
7 calculated for the decedent as of the date of death] total
8 monthly benefit previously paid to the decedent, except that
9 if the surviving spouse receives benefits based on his or her
10 own employment coverage, that amount plus the survivors'
11 benefits for the children may exceed the total amount of the
12 deceased's [retirement] benefit. In no event shall the
13 amount paid be less than the minimum amount set forth
14 [established by the Social Security Administration, as set
15 out] in section 804 of this chapter [title 53 of the code of
16 the Federated States of Micronesia]."

17 Section 9. This act shall become law upon approval by the
18 President of the Federated States of Micronesia or upon its becoming
19 law without such approval.

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22 Date: _____ Introduced by: _____
Dohsis Halbert