

STANDING COMMITTEE REPORT NO. 18-33

RE: C.B. No. 18-05/J&GO

SUBJECT: RAISING THE MANDATORY RETIREMENT AGE OF
NATIONAL GOVERNMENT EMPLOYEES FROM 60 TO 65

SEPTEMBER 13, 2013

The Honorable Dohsis Halbert
Speaker, Eighteenth Congress
Federated States of Micronesia
Second Regular Session, 2013

Dear Mr. Speaker:

Your Committee on Judiciary & Governmental Operations, to which was referred C.B. No. 18-05, entitled:

"TO FURTHER AMEND SECTION 115 OF TITLE 52, AS AMENDED
BY PUBLIC LAWS NOS. 10-15 AND 14-56, TO RAISE THE
MANDATORY RETIREMENT AGE FOR NATIONAL GOVERNMENT
EMPLOYEES FROM SIXTY TO SIXTY-FIVE, AND FOR OTHER
PURPOSES."

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

Your Committee on Judiciary & Governmental Operations met on July 23, 2013. Your Committee on Judiciary & Governmental Operations conducted a thorough review of the proposed bill.

C.B. No. 18-05 proposes to raise the mandatory retirement age for National Government employees from sixty to sixty-five. Your Committee notes that according to the Office of Personnel, there are over 100 National Government employees who will be forced to retire under the current law over the next five years.

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Your Committee also notes a disconnect between the current mandatory retirement age of 60 and the current social security law. As it stands, one only collects 50% of their social security benefit when retiring at age 60; one must turn 65 to receive the full 100% benefit. Thus, your Committee notes that individuals forced to retire at age 60 are set to endure their first five years of retirement with only 50% benefit.

Your Committee further notes that C.B. No. 18-05 does not force an individual to work until 65. An individual may still opt to retire at 60 or any age before 65. Raising the mandatory retirement age does not mean that one must work until 65, it simply creates the option that does not currently exist to do so if one chooses to work beyond 60.

Your Committee also notes that that some departments at times have attempted to circumvent the forced retirement age by moving individuals forced to retire at age 60 to contract status. While Congress has sought to curtail this practice, it has continued. Further, those individuals moved to contract status are often done so at a higher rate of pay. C.B. No. 18-05 will eliminate the need for departments to get creative to retain employees who have reached the age of 60.

Finally, your Committee also notes that FSM Social Security believes C.B. No. 18-05 may assist their solvency. An individual forced to retire at 60 would receive their 50% social security benefit, but would no longer be paying into the system. Although currently those individuals who elect to continue working beyond 60 would still receive their 50% benefit, at least their contributions to the social security system would continue.

Your Committee is in accord with the intent and purpose of C.B. No. 18-05, and recommends its passage on First Reading, and that it be placed on the Calendar for Second and Final Reading in the form attached hereto as C.B. No. 18-05.

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Respectfully submitted,

/s/ Wesley W. Simina
Wesley W. Simina, chairman

/s/ Berney Martin
Berney Martin, vice chairman

/s/ Tiwiter Aritos
Tiwiter Aritos, member

Yosiwo P. George, member

/s/ Isaac V. Figir
Isaac V. Figir, member
Do not concur!

/s/ Dohsis Halbert
Dohsis Halbert, member

Bonsiano F. Nethon, member