

AN ACT

To further amend the Federated States of Micronesia Social Security Act, codified as subtitle II of title 53 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-120 and 6-111, by further amending section 603, as amended by Public Law No. 5-120, and by further amending section 804, as amended by Public Law No. 5-120, to make changes in the Social Security law, 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 Law No. 5-120, is hereby
3 further amended to read as follows:

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

7 (1) 'Became disabled' means the first month in which
8 an individual is under a disability and is both 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
15 in which the individual was domiciled at the time of his
16 death has or would find the applicant to be the
17 individual's child or spouse in determining the devolution
18 of intestate personal property.

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

22 (5) 'Disability' means inability to engage in any



1 substantial gainful employment by reason of any medically
2 determinable physical or mental impairment which can be
3 expected to result in death or which has lasted or can be
4 expected to last for a continuous period of not less than
5 twelve months.

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

15 (7) 'Employee' means:

16 (a) any officer of a corporation; or

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

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

23 (d) any self-employed person who had more than
24 \$10,000 of annual gross revenue in the preceding calendar
25 year.

1 (8) 'Employment' means any service by an employee for
2 an employer incorporated or doing business within the
3 Federated States of Micronesia employing him, irrespective
4 of where such employment is performed, except family
5 employment.

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

11 (10) 'Insured status' can mean any of the following:

12 (a) 'Currently insured individual' means any
13 individual who has had not less than eight quarters of
14 coverage during the thirteen quarter period ending with:

15 (i) the quarter in which he died; or

16 (ii) the quarter in which he became
17 entitled to old age insurance benefits; or

18 (iii) the quarter in which he became
19 disabled, whichever first occurs.

20 (b) 'Fully insured individual' means any
21 individual who has not less than one quarter of coverage
22 for each year beginning after June 30, 1968, or for each
23 year after attaining the age of twenty-one, whichever is
24 later, and up to but excluding the year in which he
25 attained retirement age, became disabled, or died,

1 whichever first occurred, except that in no case shall an
2 individual be a fully insured individual unless he has at
3 least twelve quarters of coverage.

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

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

25 (a) that part of remuneration in excess of

1 \$3,000 paid in a quarterly reporting period by one employer;

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

5 (c) any payment made to or on behalf of an employee
6 or to the employee's beneficiary from a trust or annuity;

7 (d) remuneration paid in any medium other than
8 cash to an employee for service not in the course of the
9 employer's trade or business or for domestic service in a
10 private home of an employer;

11 (e) remuneration paid for casual or intermittent
12 labor not performed in the course of the employer's trade
13 or business when such employment does not exceed employment
14 in more than one week in each calendar month of each
15 quarterly reporting period; and

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

18 Section 2. Section 804 of title 53 of the Code of the Federated
19 States of Micronesia, as amended by Public Law No. 5-120, is hereby
20 further amended to read as follows:

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

23 (1) An insured eligible individual shall be paid a
24 monthly old age benefit for life, except for any month of
25 disqualification as provided by this subtitle, in an

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

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



19 (3) An individual who is both fully and currently
20 insured and who has been under a disability for three full
21 calendar months shall be paid a monthly benefit for life or
22 until recovery from the disability, except for any month of
23 disqualification as provided by this subtitle in an amount
24 calculated in accordance with the preceding subsections of
25 this section. Further, the amount of the benefit as so

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

13 Section 3. This act shall become effective July 1, 1993.

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

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_____, 1992


Bailey Olter
President
Federated States of Micronesia

