

AN ACT

To amend chapter 8 of title 53 of the Code of the Federated States of Micronesia (Annotated), by amending section 804 thereof, in order to remove the earnings test for individuals age 65 or over who are entitled to receive only 50% of their old age retirement benefits, by amending section 810 thereof, in order to allow individuals not fully insured at retirement age to elect to receive an optional lump-sum payment for their full tax contribution into the social security system, and for other purposes.

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

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

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

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

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

17           (b) For benefit payments that begin on or after

1 January 1, 2007 but before January 1, 2011; 16.5 percent  
2 of the first \$10,000 of cumulative covered earnings, plus  
3 three percent of cumulative covered earnings in excess of  
4 \$10,000 but not in excess of the next \$30,000, plus two  
5 percent of cumulative covered earnings in excess of  
6 \$40,000 but not in excess of the next \$262,500, plus one  
7 percent of cumulative covered earnings in excess of  
8 \$302,500.

9 (c) For benefit payments that begin on or after  
10 January 1, 2011:

11 (i) For individuals who are 65 and over;  
12 16.5% of the first \$10,000 of cumulative covered  
13 earnings, plus three percent of cumulative covered  
14 earnings in excess of \$10,000 but not in excess of the  
15 next \$30,000, plus two percent of the cumulative covered  
16 earnings in excess of \$40,000 but not in excess of the  
17 next \$262,500, plus one percent of cumulative covered  
18 earnings in excess of \$302,500. Individuals are entitled  
19 to receive 50% of the total described benefits in this  
20 subsection without the earnings test reduction under  
21 section 603(7) of this subtitle. Alternatively,  
22 individuals are entitled to 100% of the total described  
23 benefits in this subsection subject to the earnings test  
24 reduction under section 603(7) of this subtitle.

25 (ii) For individuals who turn 60 after

1           January 1, 2011, such individual from ages 60 to 64 will  
2           receive 50% of the total of all the described benefits in  
3           this subsection, 16.5% of the first \$10,000 of cumulative  
4           covered earnings, plus three percent of cumulative  
5           covered earnings in excess of \$10,000 but not in excess  
6           of the next \$30,000, plus two percent of the cumulative  
7           covered earnings in excess of \$40,000 but not in excess  
8           of the next \$262,500, plus one percent of cumulative  
9           covered earnings in excess of \$302,500. These payments  
10          in this subsection shall be made without reduction  
11          pursuant to the earnings test in section 603(7) of this  
12          subtitle.

13                   (d) Earnings for covered employment after  
14          commencement of payments for retirement or disability  
15          insurance benefits shall be included in benefit  
16          calculations upon subsequent application for benefits,  
17          but such earnings shall be applicable for benefits for  
18          months after the calendar year in which such earnings  
19          occurred. For the purpose of this section cumulative  
20          covered earnings includes earnings on which contributions  
21          have been paid by the individual to the Trust Territory  
22          Social Security System.

23                   (e) In the event, benefits have been received under  
24          section 804(1)(c)(ii), such benefits shall be  
25          automatically adjusted when the individual reaches age

1           65.

2                   (f) For purposes of interpreting this section  
3           “benefit payments begin on” is defined to mean the date,  
4           whether retroactive or current when a benefit payment is  
5           paid for a specific month. A benefit payment may begin  
6           prior to the application date, subject to retroactive  
7           payment limitations defined in this Act.

8                   (2) An insured, eligible individual shall be paid a  
9           minimum monthly benefit of \$75 if the benefit amount  
10          calculated in accordance with subsection (1) of this  
11          section is less than \$75 monthly. Effective on January 1,  
12          2011, the minimum monthly benefit shall be \$100. The  
13          minimum monthly benefit is calculated per insured worker,  
14          not per recipient.

15                  (3) An individual who is currently and fully insured  
16          and who has been under a disability for three full  
17          calendar months and the onset of disability occurred on  
18          or after January 01, 2011, or an individual who was fully  
19          insured and the onset of disability occurred prior to  
20          this bill becoming law shall be paid a monthly benefit  
21          for life or until recovery from the disability, except  
22          for any month of disqualification as provided by this  
23          subtitle in an amount calculated in accordance with the  
24          preceding subsections of this section, and for an  
25          individual with an onset of disability on or after

1           January 1, 2011, he or she will receive benefits as if he  
2           or she retired at age 65, but with existing quarters of  
3           coverage. Further, the amount of the benefit as so  
4           determined shall, if the individual is receiving a  
5           periodic workmen's compensation benefit, be reduced each  
6           month by the excess of the sum of the workmen's  
7           compensation benefit for that month, and the benefit  
8           payable under this Act over 80 percent of one-twelfth of  
9           the highest annual covered wages in the period consisting  
10          of the year in which the disability occurred and the  
11          preceding five years. If a workmen's compensation  
12          benefit was payable in periodic benefits but was commuted  
13          to a lump sum, for purposes of this subsection it will be  
14          considered that the periodic benefit originally available  
15          was paid in each month that it would have been paid if  
16          the commutation had not occurred."

17          Section 2. Section 810 of title 55 of the Code of the  
18 Federated States of Micronesia (Annotated) is hereby amended to  
19 read as follows:

20           "Section 810. Optional lump sum payment to individuals  
21           not fully insured who reach retirement age.

22           (1) Any individual who reaches retirement age and who  
23           is not fully insured for Social Security benefits may,  
24           at his or her own option, elect to have a lump sum  
25           payment for his or her total cumulative covered earnings

1           that is equivalent to their employee social security tax  
2           contributions under section 901. If an individual  
3           elects to accept the lump sum payment, he or she shall  
4           lose credit for all quarters of coverage earned up to  
5           that point. If that individual returns to work, he or  
6           she shall start over again to earn quarters of coverage  
7           leading to being currently or fully insured. Only  
8           individuals who have resided in the Federated States of  
9           Micronesia for at least one year preceding their  
10          applications for these benefits, and who have either  
11          resided in the Federated States of Micronesia for a  
12          period of time of not less than ten years total, or who  
13          were born in the Federated States of Micronesia, are  
14          eligible for this optional lump sum payment.

15           (2) For the purpose of this section, total Social  
16          Security contributions include contributions paid by the  
17          individual to the Trust Territory Social Security  
18          System.”

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1 Section 3. 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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October 25th, 2022

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/s/ David W. Panuelo

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David W. Panuelo

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President

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Federated States of Micronesia

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