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A BILL FOR AN ACT

To further amend title 52 of the Code of the Federated States of Micronesia, as amended, by amending section 508, as enacted by Public Law No. 9-155, to set limitations on the use of funds in the Retirement Fund, and for other purposes.

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

1 Section 1. Section 508 of title 52 of the Code of the  
2 Federated States of Micronesia, as enacted by Public Law No. 9-  
3 155, is hereby amended to read as follows:

4 "Section 508. Program Loan; Fund.

5 (1) The program shall be funded from loan proceeds  
6 obtained from the Asian Development Bank, or from funds  
7 from the General Fund otherwise appropriated for such  
8 use, as authorized by law. Upon disbursement of the loan  
9 proceeds, such funds shall be deposited in a National  
10 Government Employee's Early Retirement Fund (hereinafter  
11 'Retirement Fund') which is hereby created and  
12 established. The Retirement Fund shall be separate from  
13 the General Fund or any other funds of the National  
14 Government. Money in the Retirement Fund shall be  
15 invested prudently.

16 (2) In order to facilitate the National Government's  
17 repayment of the funds borrowed from the Asian  
18 Development Bank as authorized by law, the National  
19 Government shall continue to appropriate funds for each  
20 position abolished and vacated pursuant to the program in  
21 the same amount budgeted for each fiscal year of the  
22 program for each respective position held by the  
23 employee. The funds so appropriated shall be deposited  
24 by the President, or his designee, in the Retirement  
25 Fund. On or before September 30, 2001, the balance in

1 the Retirement Fund must equal or exceed the principal  
2 amount borrowed from the Asian Development Bank. At any  
3 time during the term of the loan, if the amount in the  
4 Retirement Fund exceeds the principal amount remaining,  
5 the amount in excess of the principal may be withdrawn  
6 and revert to the General Fund.

7 (3) Money deposited into the Retirement Fund other than  
8 the loan proceeds and income thereof may only be  
9 withdrawn, unless otherwise provided by law, by the  
10 President, or his designee, for the repayment of the loan  
11 or as funds in excess of the principal amount remaining  
12 as provided for in subsection (2) of this section. Money  
13 deposited in the Retirement Fund from the loan proceeds  
14 and the income thereof may only be withdrawn, unless  
15 otherwise provided by law, by the President, or his  
16 designee, for the following purposes:

17 (a) payment of compensation to employees  
18 participating in the program;

19 (b) payment to the SSA for payments and the  
20 administration of compensation to employees participating  
21 in the program and pursuant to section 506 of this  
22 chapter;

23 (c) repayment of any loan obligations directly  
24 related to the program; [ø]

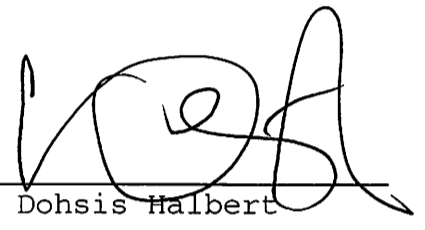
25 (d) payment for training costs related to the

1 program, but not exceeding \$175,000 in total; or  
2 (e) relending to the States for their early  
3 retirement programs.

4 (4) Any funds remaining in the Retirement Fund after  
5 the loan has been paid in full shall revert to the  
6 General Fund."

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

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11 Date: 7-13-99

Introduced by:   
Dohsis Halbert

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