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A BILL FOR AN ACT

To further amend title 53 of the Code of the Federated States of Micronesia, as amended, by further amending section 603, as amended by Public Laws Nos. 5-120 and 7-118, by further amending section 801, as amended by Public Law No. 5-120, by amending section 802, and by further amending section 803, as amended by Public Law No. 9-056, to make changes in the Social Security Act, 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  
2 Federated States of Micronesia, as amended by Public Laws Nos. 5-120  
3 and 7-118, is hereby further amended to read as follows:

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

7 (1) 'Application' means the prescribed form or forms  
8 provided to individuals by the social security  
9 administrator as the exclusive means by which an  
10 individual may apply for the payment of any benefit  
11 provided for in sections 801, 802 or 803 of this act.

12 ~~([1]2)~~ 'Became disabled' means the first month in which an  
13 individual is under a disability ~~[and is both fully and~~  
14 ~~currently insured]~~.

15 ~~([2]3)~~ 'Board' means the Federated States of Micronesia  
16 Social Security Board provided for by section 701 of this  
17 subtitle.

18 ~~([3]4)~~ 'Child or spouse' means that an applicant is the  
19 child or spouse of an individual if the court of the  
20 State in which the individual was domiciled at the time  
21 of his death has or would find the applicant to be the  
22 individual's child or spouse in determining the  
23 devolution of intestate personal property.

24 ~~([4]5)~~ 'Contributions' means the tax imposed upon income  
25 of covered employees and the tax imposed upon employers

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1 on account of wages paid to a covered employee.  
2 ([5]6) 'Disability' means inability to engage in any  
3 substantial gainful employment by reason of any medically  
4 determinable physical or mental impairment which can be  
5 expected to result in death or which has lasted or can be  
6 expected to last for a continuous period of not less than  
7 twelve months.  
8 ([6]7) 'Earnings test' means that an individual who  
9 receives a retirement, disability, or survivor benefit  
10 and who works in covered or noncovered employment shall  
11 have his quarterly benefit reduced by one dollar for each  
12 two dollars earned in a quarter, except there shall be no  
13 reduction for the first \$300 earned in a quarter. The  
14 reduction shall be applied in one of the subsequent two  
15 quarters immediately after the quarter in which the  
16 earnings were made, or as soon as possible thereafter.  
17 ([7]8) 'Employee' means:  
18 (a) any officer of a corporation; or  
19 (b) any individual who, under the usual common law  
20 rules applicable in determining the employer-employee  
21 relationship, has the status of an employee; or  
22 (c) any self-employed person who has at least one  
23 employee for whom he is required to report in a given  
24 quarter; or  
25 (d) any self-employed person who had more than

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1           \$10,000 of annual gross revenue in the preceding calendar  
2           year.

3           (~~8~~9) 'Employment' means any service by an employee for  
4           an employer incorporated or doing business within the  
5           Federated States of Micronesia employing him,  
6           irrespective of where such employment is performed,  
7           except family employment.

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

13          (~~10~~11) 'Insured status' can mean any of the following:

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

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

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

20                               (iii) the quarter in which he became disabled,  
21                   whichever first occurs.

22                   (b) 'Fully insured individual' means any  
23                   individual who has not less than one quarter of coverage  
24                   for each year beginning after June 30, 1968, or for each  
25                   year after attaining the age of twenty-one, whichever is

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1 later, and up to but excluding the year in which he  
2 attained retirement age, became disabled, or died,  
3 whichever first occurred, except that in no case shall an  
4 individual be a fully insured individual unless he has at  
5 least twelve quarters of coverage.

6 (~~11~~12) 'Quarter' and 'calendar quarter' mean a period of  
7 three calendar months ending on March 31st, June 30th,  
8 September 30th, or December 31st. 'Quarter of coverage'  
9 means a quarter in which the individual has been paid  
10 fifty dollars or more in wages in employment subject to  
11 this subtitle.

12 (~~12~~13) 'Wages' means remuneration paid subject to the  
13 provisions of this subtitle, including the cash value of  
14 all remuneration paid in any medium other than cash and  
15 remuneration accruing to a self-employed person.  
16 Remuneration accruing to a self-employed person shall be  
17 deemed to be twice the amount paid to the highest paid  
18 employee reported by the self-employed person in a  
19 quarter, [~~\$3,000 maximum per quarter~~] with a  
20 maximum of \$3,000 through June 30, 2000 and a maximum of  
21 \$5,000 thereafter. Remuneration accruing to a self-  
22 employed person who has no covered employees shall, for  
23 each quarter of a year, be deemed to be 2.5 percent of  
24 the gross revenue of the business for the previous  
25 calendar year, subject to a \$3,000 maximum, through June

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1 30, 2000 and a maximum of \$5,000 thereafter.

2 Remuneration paid for any service which is more or less  
3 than a whole dollar shall, as may be prescribed by  
4 regulations, be computed to the nearest dollar. Wages  
5 shall not include:

6 (a) that part of remuneration in excess of \$3,000  
7 through June 30, 2000 or in excess of \$5,000 thereafter,  
8 paid in a quarterly reporting period by one employer;

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

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

15 (d) remuneration paid in any medium other than  
16 cash to an employee for service not in the course of the  
17 employer's trade or business or for domestic service in a  
18 private home of an employer;

19 (e) remuneration paid for casual or intermittent  
20 labor not performed in the course of the employer's trade  
21 or business when such employment does not exceed  
22 employment in more than one week in each calendar month  
23 of each quarterly reporting period; and

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

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1 Section 2. Section 801 of title 53 of the Code of the  
2 Federated States of Micronesia, as amended by Public Law No. 5-120,  
3 is hereby further amended to read as follows:

4 "Section 801. Scope of coverage; Verification of  
5 employment.

6 (1) All employees, wherever employed by an employer  
7 incorporated or doing business in the Federated States of  
8 Micronesia, shall be covered unless both the employer and  
9 the employee are currently subject to any other  
10 recognized Social Security System. The highest  
11 administrator of the Social Security System, or his  
12 designees, shall cause at least two unannounced  
13 employment site checks to be conducted upon every non-  
14 government employee who first begins to contribute to the  
15 Social Security System after age forty-five years to  
16 ensure that such non-government employee is actually  
17 engaged in an employer-employee relationship that will  
18 allow him to be covered and eligible for benefits under  
19 this subtitle. The two employment site checks shall not  
20 be conducted within 1 month from each other and both  
21 shall be conducted within the first 6 months of the  
22 employee's first contribution payment to the Social  
23 Security System. For the purposes of this subtitle, any  
24 elected official in any government unit or body in the  
25 Federated States of Micronesia is deemed to be an

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

6 (2) Every person who:

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

9 (b) has attained age [~~sixty years~~] 60; and

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

18 (3) Old age insurance benefits shall be paid for each  
19 month beginning with the month described in paragraph (a)  
20 and ending with the month described in paragraph (b) of  
21 this subsection:

22 (a) the later of paragraphs (i) and (ii) which  
23 follow:

24 (i) the month in which an individual  
25 satisfies the requirements of paragraphs (a) and (b) of

1           the immediately preceding subsection (2); or  
2                           (ii) the sixth month preceding the month in  
3           which the individual satisfies the requirements of  
4           paragraph (c) of the immediately preceding subsection  
5           (2).  
6                           (b) the month preceding the month in which the  
7           individual entitled to the old age insurance benefit  
8           dies."

9           Section 3. Section 802 of title 53 of the Code of the  
10 Federated States of Micronesia is hereby amended to read as follows:

11           "Section 802. Surviving spouse's benefits.  
12           The surviving spouse of an individual who died fully  
13           insured, if such spouse has filed application, shall be  
14           entitled to a survivor insurance benefit for each month  
15           beginning with the later of (1) the month of death of the  
16           fully insured spouse or (2) the sixth month preceding the  
17           month in which the individual entitled to benefits files  
18           an application for social security benefits, and ending  
19           with the month preceding the month in which the surviving  
20           spouse dies or remarries; provided, that such benefit  
21           shall be subject to the earnings test as defined in this  
22           subtitle."

23           Section 4. Section 803 of title 53 of the Code of the  
24 Federated States of Micronesia, as amended by Public Law No. 9-056,  
25 is hereby further amended to read as follows:



1 "Section 803. Dependent's benefits - Disability  
2 benefits.

3 [~~(1) Every surviving child who is dependent upon an~~  
4 ~~individual entitled to old age benefits or who was~~  
5 ~~dependent upon an individual who died fully insured or~~  
6 ~~currently insured shall be entitled, upon filing~~  
7 ~~application, to a child's insurance benefit for each~~  
8 ~~month beginning with the month of death of such~~  
9 ~~individual and ending with the month preceding whichever~~  
10 ~~of the following first occurs:~~

11 ~~(a) attainment of age eighteen years, except that~~  
12 ~~benefits are payable until the month before the~~  
13 ~~attainment of age twenty two so long as the beneficiary~~  
14 ~~is a bona fide student, and except that benefits are~~  
15 ~~payable during the disability of a child who was disabled~~  
16 ~~before the attainment of age twenty two;~~

17 ~~(b) marriage; or~~

18 ~~(c) adoption.]~~

19 (1) Every surviving child who:

20 (a) is dependent upon an individual entitled to  
21 old age benefits or who was dependent upon an individual  
22 who died fully insured or currently insured; and

23 (b) has filed a complete application with the  
24 social security administrator for survivor's insurance,  
25 shall be entitled to a child's insurance benefit.

1           (2) A child's insurance benefit shall be paid for each  
2           month beginning with the month described in paragraph (a)  
3           and ending with the month described in paragraph (b) of  
4           this section:

5                   (a) the later of paragraphs (i) and (ii) which  
6                   follow:

7                           (i) the month in which an individual  
8                           satisfies the requirement of paragraphs (a) and (b) of  
9                           the immediately preceding subsection (1) of this section;

10                   or

11                           (ii) the sixth month preceding the month in  
12                           which the individual satisfies the requirements of  
13                           paragraph (b) of subsection (1) of this section.

14                           (b) the month preceding the month which contains  
15                           the first to occur of the following events:

16                                   (i) attainment of age twenty-two in the case  
17                                   of a child who is a bona fide student; or

18                                   (ii) ceasing to be disabled after attainment  
19                                   of age eighteen in the case of a child who was disabled  
20                                   before attainment of age twenty-two; or

21                                   (iii) attainment of age eighteen in the  
22                                   case of any child not described in the preceding  
23                                   paragraph (i) or (ii); or

24                                   (iv) marriage; or

25                                   (v) adoption.

1 ([2]3) A child shall be deemed dependent upon his parent  
2 or adopting parent unless such individual was not living  
3 in the same household with or contributing to the support  
4 of such child. Child's insurance benefits shall be paid  
5 to the individual upon whom the child is currently  
6 dependent, except such benefit shall be subject to the  
7 earnings test as defined in this subtitle.

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

17 (4) Every person who:

18 (a) is fully insured;

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

21 (c) has filed a complete application with the  
22 social security administrator for disability insurance  
23 shall be entitled to disability insurance benefits.

24 (5) Disability insurance benefits shall be paid for  
25 each month beginning with the month described in

1 paragraph (a) and ending with the month described in  
2 paragraph (b) of this subsection:

3 (a) the later of paragraphs (i) and (ii) which  
4 follow:

5 (i) the month in which an individual  
6 satisfies the requirements of paragraphs (a) and (b) of  
7 the immediately preceding subsection (4); or

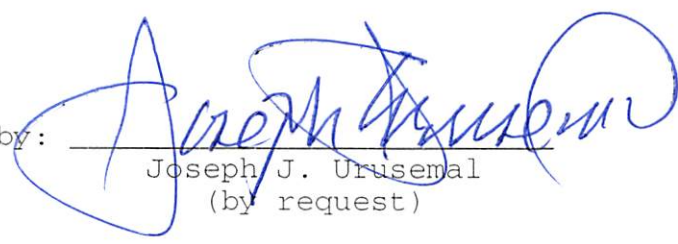
8 (ii) the twelfth month preceding the month in  
9 which the individual satisfies the requirements of  
10 paragraph (c) of immediately preceding subsection (4).

11 (b) the month preceding the month in which the  
12 individual dies or recovers from his disability.

13 (6) Notwithstanding any other provision of this  
14 section, the disability insurance benefit shall be  
15 subject to the earnings test as defined in this  
16 subtitle."

17 Section 5. 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.

20  
21 Date: 1/24/2000

Introduced by:   
Joseph J. Urusemal  
(by request)

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