TENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA
FIRST SPECIAL SESSION, 1997
C.B. NO. 10-98

A BILL FOR AN ACT

To further amend title 52 of the Code of the Federated States of Micronesia, as amended, by amending section 506, as created by Public Law No. 9-155, for the purpose of clarifying that benefits received from a State's early retirement program are not subject to national income tax or Social Security taxes, and for other purposes.

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

Section 1. Section 506 of title 52 of the Code of the Federated States of Micronesia, as created by Public Law No. 9-155, is hereby amended to read as follows:

"Section 506. Compensation.

(1) Subject to the availability of funds, an employee eligible for participation in the program and less than 60 years of age may choose to receive either:

(a) a lump sum payment equal to 48 bi-weekly base salary payments; or
(b) 52 bi-weekly base salary payments.

(2) Subject to the availability of funds, an employee eligible for participation in the program, who is more than 55 years of age and not yet eligible for FSM Social Security Administration (hereinafter 'SSA') retirement benefits, may retire and may choose to receive the benefits described in section 506(1)(a) or (b), or may receive a lump sum payment equaling 6 base salary pay periods and a monthly amount equal to the monthly SSA retirement benefits that the person would have received if he had been 60 years of age when his employment with the National Government ceased due to his participation in the Early Retirement Program. Such payments shall terminate
upon the person reaching the age of 60 or becoming eligible for SSA retirement benefits, whichever occurs first. The Secretary of the Department of Finance may enter into an agreement with the SSA authorizing the SSA to administer the payments under this subsection. The agreement may also provide for the collection of reasonable administrative fees by the SSA.

(b) If a participating employee disputes National Government records that indicate what his age is, and if resolution of the dispute would control the amount of the benefits that the worker would receive under section 506, the worker may request a determination of the dispute by the Director of the Social Security Administration (hereinafter, 'the Director'). Such a request must be in writing. The Director must resolve the dispute promptly, and he may receive any evidence that he deems appropriate in resolving such a dispute. The Director must make written findings explaining his evaluation of the evidence presented to him and explaining his ultimate resolution of the dispute. The Director must also provide a copy of those written findings to the employee in question.

(c) After each eligibility list has been
determined, it shall be promptly transmitted to the
Director of Social Security, who shall promptly
deliver written notification to each worker who is
between 53 and 59 years of age and whose position
is described in section 505 (1)(c), of the
following: how many 'quarters of coverage' the
worker has accumulated for the purposes of Social
Security benefits, whether that number is
sufficient to entitle the worker to Social Security
retirement benefits at age 60 and, if not, how many
more 'quarters of coverage' the employee would have
to accumulate to become entitled to such benefits.

(3) Subject to the availability of funds, an
employee who is more than 60 years of age and
eligible to receive SSA retirement benefits and who
is otherwise eligible to participate in the
program, shall receive a lump sum payment equal to
6 bi-weekly base salary periods.

(4) The following adjustments shall be made
from each payment due to an employee:

(a) Any advance annual or sick leave
owed by the employee;

(b) Any salary advance;

(c) Any per diem or other travel advance
including outstanding travel authorizations; and
any other adjustment which the employee may owe to
the National Government, or which the Government may owe to the employee.

(d) If authorized by the writing, amounts requested by the employee deducted from compensation received pursuant to subsection (1)(b) of this section, and to a third party, provided that no more than remittances shall be permitted for each employee any one time and that each such remittance must in effect for at least six months, unless otherwise provided by law. A remittance under this subsection shall be binding upon the employee in accordance with the terms of the request therefor, including but not limited to any prohibition on canceling the remittance without the consent of the third-party payee, provided that the terms of the remittance are otherwise in accordance with applicable law, including but not limited to usury laws.

(5) THE BALANCE OF THIS CHAPTER

Compensation received by an employee pursuant to this chapter or received by a State employee in accordance with a similar severance program shall be exempted from the:

(a) Provisions of sections 901 and 902 of title 53 to the extent that such compensation
shall not be deemed wages received by the employee;

(b) Provisions of section 121 of title 54 to the extent that such compensation shall not be deemed wages or salaries received by the employee; and

(c) Provisions of section 603(6) of title 53 to the extent that such compensation shall not be deemed dollars earned in a quarter by the employee.

(6) If a participating employee dies, his entitlement to compensation under the program shall survive and the remainder shall be paid to persons or entities in accordance with the general law of descent and distribution.'

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

Date: 7/30/97

Introduced by: [Signature]

Joseph J. Detommal