

HESA

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:

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

4 "Section 506. Compensation.

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

9 (a) a lump sum payment equal to 48 bi-
10 weekly base salary payments; or

11 (b) 52 bi-weekly base salary payments.

12 (2) (a) Subject to the availability of
13 funds, an employee eligible for participation in
14 the program, who is more than 55 years of age and
15 not yet eligible for FSM Social Security
16 Administration (hereinafter 'SSA') retirement
17 benefits, may retire and may choose to receive the
18 benefits described in section 506(1)(a) or (b), or
19 may receive a lump sum payment equaling 6 base
20 salary pay periods and a monthly amount equal to
21 the monthly SSA retirement benefits that the person
22 would have received if he had been 60 years of age
23 when his employment with the National Government
24 ceased due to his participation in the Early
25 Retirement Program. Such payments shall terminate

1 upon the person reaching the age of 60 or becoming
2 eligible for SSA retirement benefits, whichever
3 occurs first. The Secretary of the Department of
4 Finance may enter into an agreement with the SSA
5 authorizing the SSA to administer the payments
6 under this subsection. The agreement may also
7 provide for the collection of reasonable
8 administrative fees by the SSA.

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

26 (c) After each eligibility list has been

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

13 (3) Subject to the availability of funds, an
14 employee who is more than 60 years of age and
15 eligible to receive SSA retirement benefits and who
16 is otherwise eligible to participate in the
17 program, shall receive a lump sum payment equal to
18 6 bi-weekly base salary periods.

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

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

23 (b) Any salary advance;

24 (c) Any per diem or other travel advance
25 including outstanding travel authorizations; and
26 any other adjustment which the employee may owe to

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1 the National Government, or which t
2 Government may owe to the employee.
3 (d) If authorized by the e
4 writing, amounts requested by the empl
5 deducted from compensation received pur
6 subsection (1)(b) of this section, and r
7 a third party, provided that no more than
8 remittances shall be permitted for each emp.
9 any one time and that each such remittance mus
10 in effect for at least six months, unless otherw.
11 provided by law. A remittance under this sub-
12 section shall be binding upon the employee in
13 accordance with the terms of the request therefor,
14 including but not limited to any prohibition on
15 canceling the remittance without the consent of the
16 third-party payee, provided that the terms of the
17 remittance are otherwise in accordance with
18 applicable law, including but not limited to usury
19 laws.

20 (5) ~~For purposes of this chapter,~~
21 ~~compensation~~ Compensation received by an employee
22 pursuant to this chapter or received by a State
23 employee in accordance with a similar severance
24 program shall be exempted from the:

25 (a) Provisions of sections 901 and 902
26 of title 53 to the extent that such compensation

1 shall not be deemed wages received by the employee;

2 (b) Provisions of section 121 of title
3 54 to the extent that such compensation shall not
4 be deemed wages or salaries received by the
5 employee; and

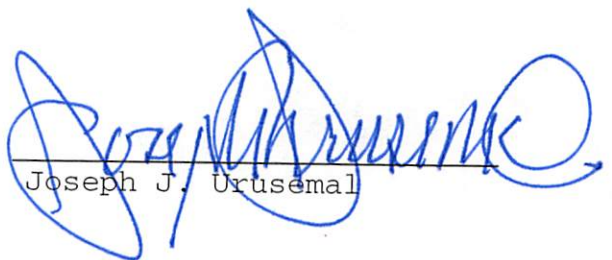
6 (c) Provisions of section 603(6) of title
7 53 to the extent that such compensation shall not
8 be deemed dollars earned in a quarter by the
9 employee.

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

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

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19 Date: 7/30/97

Introduced by:



Joseph J. Urusemal

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