A BILL FOR AN ACT

TO further amend title 53 of the Code of the Federated States of Micronesia, as amended, by amending sections 606, 703, 801, 802, 803 and 806, and by enacting new sections 801A and 801B, to reduce administrative costs, simplify the calculation of benefits, and make technical corrections to the Federated States of Micronesia Social Security Act, and for other purposes.

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

1. Section 1. Section 606 of title 53 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 606. Accounts, budget, and costs of administration.

(1) At such time as the Social Security Board may prescribe, the Social Security Administrator shall submit to the Board, on forms and in the manner prescribed by the Board, a detailed estimate of the budget for the next ensuing fiscal year for the proper conduct of the Social Security System. At a minimum, the Social Security Administrator shall submit to the Board:

(a) the audited accounts of the income and expenditure and the balance in the Social Security Retirement Fund for the last completed fiscal year;

(b) a statement showing the estimated income and expenditure for the fiscal year in progress, together with such summaries, schedules, and supporting data as may be deemed necessary;
(c) a statement showing the estimated balance of the Social Security Retirement Fund at the close of the fiscal year in progress; and

(d) a budget showing the estimated income and expenditure for the next ensuing fiscal year.

(2) For the next ensuing fiscal year, the estimated costs of administration, including salaries and wages, purchase of office supplies, operational expenses, and the maintenance of branch offices, shall not exceed an expenditure maximum equal to 10 percent of the estimated net income for that the last completed fiscal year [from contributions and interest and dividend income on investments less investment expenses]. The audited accounts from the last completed fiscal year and the budget for the ensuing fiscal year shall be approved by the Board and submitted to the President and the Congress of the Federated States of Micronesia. Should the estimated costs of administration exceed the expenditure maximum, legislative approval of the budgeted administration expenses is required."

Section 2. Section 703 of title 53 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 703. Promulgation of regulations - Hearings - Employees - Annual report.

(1) Regulations. Within 90 days of this act becoming law, the [The] Board [may] shall adopt, and may thereafter
amend[7] or rescind[7] regulations for the administration of
this subtitle. All such regulations shall be promulgated for
public comment and shall be adopted, amended, or rescinded
pursuant to the provisions of chapter 1 of title 17 of [this]
the Code of the Federated States of Micronesia. [It may]

(2) Hearings. The Board shall hold hearings[7] or make
decisions upon hearings delegated to others[7] for the purpose
of determining any question involving any right, benefit, or
obligation of any person subject to this subtitle. [It may]

(3) Employees. The Board shall fix the compensation of
such employees it deems necessary within the limits of
available administrative funds budgeted for its operation,
and [It] may contract for special actuarial and other
counseling on a fee basis. It shall bond itself and its
employees in such amounts as it shall fix. [It]

(4) Accounts. The Board shall receive audited accounts of
the Social Security System [within 90 days of the end of the
fiscal year of the system] and transmit these accounts to the
President and the Congress of the Federated States of
Micronesia within 90 days of the end of the fiscal year of
the system. The annual accounts and reports shall be made
available to the public. [It] Each fiscal year, the Board
shall also submit to the President and the Congress [for each
fiscal year] a report on its operations and the condition of
its funds, and [subject to section 707 of this chapter, in
such report] shall therein, pursuant to section 707 of this chapter, make recommendations for amendments to this subtitle as it deems desirable."

Section 3. Section 801 of title 53 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

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

(1) All employees, wherever employed by an employer incorporated or doing business in the Federated States of Micronesia, shall be covered by the provisions of this subtitle, unless both the employer and the employee are currently subject to any other recognized Social Security System.

(2) The highest administrator of the Social Security System, or his designees, shall cause at least two unannounced employment site checks to be conducted upon every non-government employee who first begins to contribute to the Social Security System after age 45 years to ensure that such non-government employee is actually engaged in an employer-employee relationship that will allow him to be covered and eligible for benefits under this subtitle. The two employment site checks shall not be conducted within one month from each other and both shall be conducted within the first six months of the employee's first contribution payment to the Social Security System.

(3) For the purposes of this subtitle, any elected official
in any Government unit or body in the Federated States of Micronesia is deemed to be an employee employed by a Federated States of Micronesia employer. The governmental unit or body to which such person is elected is subject to the provisions in this subtitle relating to the duty and obligations of a Federated States of Micronesia employer.

[(2) Every person who:

(a) is a fully insured individual, as defined in this subtitle;

(b) has attained age 60 years; and

(c) has filed application for old age insurance shall be entitled to an old age insurance benefit for each month, beginning with the month for which both paragraphs (a) and (b) of this subsection are satisfied and ending with the month preceding the month in which he dies, subject to the earnings test as defined in this subtitle.]

Section 3. Title 53 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by enacting a new section 801A to read as follows:

"Section 801A. Old age benefits.

(1) Eligibility. Every person who:

(a) is a fully insured individual, as defined in this subtitle;

(b) has attained 60 years of age; and

(c) has filed an application for old age insurance
benefits;
shall be entitled to an old age insurance benefit.

(2) Duration of benefits. Benefits shall be paid on a monthly basis and shall begin as of the date such person attains the age of sixty years and end with the date such person dies; provided, however, that such benefits shall be subject to the earnings test as defined in this subtitle and shall be prorated for any portion of a month during which such person is ineligible to receive benefits."

Section 4. Title 53 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by enacting a new section 801B to read as follows:

"Section 801B. Disability benefits.

(1) Eligibility. Every individual who:

(a) is a fully insured individual;

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

(c) has filed an application for disability insurance benefits; shall be entitled to a disability insurance benefit. A person becomes 'disabled' as of the date he is medically determined to be under a disability.

(2) Duration of benefits. Disability insurance benefits shall be paid on a monthly basis and shall be paid as of the date the person is determined to be under a disability and end with the date on which such person dies or recovers from
the disability; provided, however, that such benefit shall be
subject to the earnings test as defined in this subtitle and
shall be prorated for any portion of a month during which
such person is ineligible to receive benefits."

Section 6. Section 802 of title 53 of the Code of the Federated
States of Micronesia is hereby amended to read as follows:
"Section 802. Surviving spouse's benefits.
The surviving spouse of an individual who died fully insured,
if such spouse has filed an application for survivor's
benefits, shall be entitled to a monthly survivor insurance
benefit [for each month], beginning with the [month] date of
death of the fully insured spouse and ending with the [month
preceding the month in] date on which the surviving spouse
dies or remarries; provided, however, that such benefit shall
be subject to the earnings test as defined in this subtitle
and shall be prorated for any portion of a month during which
such spouse is ineligible to receive such benefit."

Section 7. Section 803 of title 53 of the Code of the Federated
States of Micronesia is hereby amended to read as follows:
"Section 803. Dependent's benefits [— Disability benefits].
(1) Every surviving child who is dependent upon an
individual entitled to old age or disability benefits or who
was dependent upon an individual who died fully insured or
currently insured, shall be entitled, upon filing
application, to a monthly child's insurance benefit [for
each month] beginning with the [month] date of death of such individual and ending with the [month preceding whichever] date on which any of the following first occurs:

(a) attainment of the age of eighteen [18] years, except that;

   (i) such benefits [are] shall be payable until the [month before the attainment of] age twenty-two [22] so long as the beneficiary is a bona fide student and [except that]

   (ii) such benefits [are] shall be payable during the disability of a child who was disabled before [the attainment of] attaining the age of twenty-two [22];

(b) marriage; or

(c) adoption;

provided, however, that such benefit shall be paid on a monthly basis and shall be prorated for any portion of a month during which said child is ineligible to receive a child's insurance benefit.

(2) A child shall be deemed dependent upon his parent or adopting parent unless such individual was not living in the same household with or contributing to the support of such child. Child's insurance benefits shall be paid to the individual upon whom the child is currently dependent, except such benefit shall be subject to the earnings test as defined in this subtitle.
(3) Every individual who is a fully insured individual and is disabled and has been disabled for at least three full calendar months, upon filing an application for disability insurance benefits, shall be entitled to a disability insurance benefit for each month beginning with the first month of the waiting period and ending with the month preceding the month in which he dies or recovers from his disability, subject to the earnings test as defined in this subtitle."

Section 8. Section 806 of title 53 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 806. Amount of survivor insurance benefits.

(1) The surviving spouse of a fully insured worker eligible in accordance with section 802 of this chapter shall be paid a monthly benefit or disability in an amount equal to [sixty] 65 percent of the total monthly retirement or disability insurance benefit [calculated for] previously paid to the deceased spouse [at the date of death].

(2) Each eligible child of an insured worker shall be entitled to a monthly benefit of [fifteen] 20 percent of the total monthly retirement or disability insurance benefit [calculated for] previously paid to the deceased parent [at the date of death].

(3) If the spouse of the deceased insured worker is eligible for retirement or disability benefits based on his
or her own employment coverage, and is also eligible for survivors' benefits, the spouse shall receive [whatever] whichever benefit pays the largest monthly payment, but not both.

(4) The total amount of survivors' benefit paid to the spouse and children may not exceed the [retirement benefit calculated for the decedent as of the date of death] total monthly benefit previously paid to the decedent, except that if the surviving spouse receives benefits based on his or her own employment coverage, that amount plus the survivors' benefits for the children may exceed the total amount of the deceased's [retirement] benefit. In no event shall the amount paid be less than the minimum amount set forth [established by the Social Security Administration, as set out] in section 804 of this chapter [title 53 of the code of the Federated States of Micronesia]."

Section 9. 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: _____________ Introduced by: __________________________ Dohsis Halbert