A BILL FOR AN ACT

To amend section 804 of title 53 of the Code of the Federated States of Micronesia (Annotated), to allow, beginning January 1, 2018, for old age benefits to be paid in full to recipients between the ages of 60 and 65, and for other purposes.

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

Section 1. Section 804 of title 53 of the Code of the Federated States of Micronesia, (Annotated), is hereby amended to read as follows:

"Section 804. Amount of retirement and disability insurance benefits.

(1) An insured eligible individual shall be paid a monthly old age benefit for life, except for any month of disqualification as provided by this subtitle, in an amount calculated upon an annual basis as follows:

(a) For benefit payments that begin prior to January 1, 2007; 16.5 percent of the first $10,000 of cumulative covered earnings, plus three percent of cumulative covered earnings in excess of $10,000 but not in excess of the next $30,000, plus two percent of cumulative covered earnings in excess of $40,000.

(b) For benefit payments that begin on or after January 1, 2007 but before January 1, 2011; 16.5 percent of the first $10,000 of cumulative covered earnings, plus
three percent of cumulative covered earnings in excess of
$10,000 but not in excess of the next $30,000, plus two
percent of cumulative covered earnings in excess of
$40,000 but not in excess of the next $262,500, plus one
percent of cumulative covered earnings in excess of
$302,500.

(c) For benefit payments that [begin] began on
or after January 1, 2011 and were due before January 1,
2018:

(i) For individuals who are 65 and over;

16.5% of the first $10,000 of cumulative covered
earnings, plus three percent of cumulative covered
earnings in excess of $10,000 but not in excess of the
next $30,000, plus two percent of the cumulative covered
earnings in excess of $40,000 but not in excess of the
next $262,500, plus one percent of cumulative covered
earnings in excess of $302,500.

(ii) For individuals who turn 60 after January
1, 2011, for payments due before January 1, 2018, such
individual from ages 60 to 64 will receive 50% of the
total of all the described benefits in this subsection,
16.5% of the first $10,000 of cumulative covered
earnings, plus three percent of cumulative covered
earnings in excess of $10,000 but not in excess of the
next $30,000, plus two percent of the cumulative covered
earnings in excess of $40,000 but not in excess of the next $262,500, plus one percent of cumulative covered earnings in excess of $302,500. These payments in this subsection only, shall be made without reduction pursuant to the earnings test in section 603(7) of this subtitle.

(iii) For individuals under age 60, benefit payments would be calculated the same as subsection (i) of this subsection.

(d) For benefit payments that began on or after January 1, 2011 and are due on or after January 1, 2018:

16.5% of the first $10,000 of cumulative covered earnings, plus three percent of cumulative covered earnings in excess of $10,000 but not in excess of the next $30,000, plus two percent of the cumulative covered earnings in excess of $40,000 but not in excess of the next $262,500, plus one percent of cumulative covered earnings in excess of $302,500. These payments in this subsection shall be subject to reduction pursuant to the earning test in section 603(7) of this subtitle.

(e) Earnings for covered employment after commencement of payments for retirement or disability insurance benefits shall be included in benefit calculations upon subsequent application for benefits, but such earnings shall be applicable for benefits for months after the calendar year in which such earnings
occurred. For the purpose of this section cumulative covered earnings includes earnings on which contributions have been paid by the individual to the Trust Territory Social Security System.

(f) In the event, benefits have been received under section 804(1)(c)(ii), such benefits shall be automatically adjusted when the individual reaches age 65.

(g) For purposes of interpreting this section “benefit payments begin on” is defined to mean the date, whether retroactive or current when a benefit payment is paid for a specific month. A benefit payment may begin prior to the application date, subject to retroactive payment limitations defined in this Act.

(2) An insured, eligible individual shall be paid a minimum monthly benefit of $75 if the benefit amount calculated in accordance with subsection (1) of this section is less than $75 monthly. Effective on January 1, 2011, the minimum monthly benefit shall be $100. The minimum monthly benefit is calculated per insured worker, not per recipient.

(3) An individual who is currently and fully insured and who has been under a disability for three full calendar months and the onset of disability occurred on or after January 01, 2011, or an individual who was
fully insured and the onset of disability occurred prior to this bill becoming law shall be paid a monthly benefit for life or until recovery from the disability, except for any month of disqualification as provided by this subtitle in an amount calculated in accordance with the preceding subsections of this section, and for an individual with an onset of disability on or after January 1, 2011, he or she will receive benefits as if he or she retired at age 65, but with existing quarters of coverage. Further, the amount of the benefit as so determined shall, if the individual is receiving a periodic workmen’s compensation benefit, be reduced each month by the excess of the sum of the workmen’s compensation benefit for that month, and the benefit payable under this Act over 80 percent of one-twelfth of the highest annual covered wages in the period consisting of the year in which the disability occurred and the preceding five years. If a workmen’s compensation benefit was payable in periodic benefits but was commuted to a lump sum, for purposes of this subsection it will be considered that the periodic benefit originally available was paid in each month that it would have been paid if the commutation had not occurred.”
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: 7/13/17               Introduced by: /s/ Dion G. Neth

Dion G. Neth