A BILL FOR AN ACT

To amend sections 603, 604, 607, 708, 801, 803, 804 and 806 of title 53 of the Code of the Federated States of Micronesia (Annotated) to clarify, define and revise the administration, contribution collections and benefits of the Federated States of Micronesia Social Security, and for other purposes.

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

Section 1. Section 603 of title 53 of the Code of the Federated States of Micronesia (Annotated), is hereby amended to read as follows:

“§603. Definitions.

(1) “Application” means the prescribed form or forms provided to individuals by the Social Security Administrator as the exclusive means by which an individual may apply for the payment of any benefit provided for in section 801, 802, 803 or 803A of this Act.

(2) “Became disabled” means the first month which an individual is under disability.

(3) “Board” means the Federated States of Micronesia Social Security Board provided for by section 701 of this subtitle.

(4) “Child or spouse” means an applicant of the court of the State in which an individual was domiciled at the time of his death has or would find to be the
individual’s child or spouse in determining the
devolution of intestate personal property. “Child”
shall include only the deceased individual’s biological
children and such adopted children whose confirmed
petition for adoption by the wage earner has been
presented to the Social Security Administration and who
were adopted by the wage earner on or prior to the wage
earner’s 55th birthday of the adopting parent, shall be
a “child” for the purposes of this title unless, the
Social Security Administrator makes a determination
that, due to exceptional circumstances, the person
shall so be entitled. In reaching a determination that
exceptional circumstances apply, the Social Security
Administrator shall satisfy himself or herself that
future eligibility for social security benefits was not
a significant factor in the decision to adopt and may
consider any available, relevant information including,
but not limited to:

(a) whether the adopted child’s biological
mother, and/or biological father were alive at the time
of adoption took place:

(b) if one or both biological parents were alive
at the time of adoption, whether one or both parents
were acting or were capable of acting as primary
caregiver at that time;
(c) whether the adopting parent is a relative of the adopted child;

(d) whether, at the time the adoption took place, there were relatives, not including the adopting parents, who would have been appropriate guardians for the adopted child;

(e) whether the adopting parent was a primary caregiver for the adopted child at the time of adoption and continued in that role after the adoption took place;

(f) any other factor the Social Security Administrator considers relevant.

(5) “Contributions” means the tax imposed upon income of covered employees and the tax imposed upon employers on account of wages paid to a covered employee.

(6) “Disability” means inability to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

(7) “Earning test” means that an individual who receives a retirement, disability, or survivor benefit and who works in covered or non-covered employment shall have his quarterly benefit reduced by one dollar
for each two dollars earned in a quarter, except that there shall be no reduction for the first $300 earned in a quarter. The reduction shall be applied in one of the subsequent two quarters immediately after the quarter in which the earnings were made, or as soon as possible thereafter. All benefit recipients have an affirmative duty to disclose to the FSM Social Security Administration all earnings from either covered or non-covered employment for which time they are receiving or claiming benefits. Under certain circumstances as defined in section 804, the earnings test may not apply to old age benefits received by an individual between the ages of 60 and 64 who turns 60, after January 1, 2011.

(8) “Employee” means:

(a) any officer of a corporation; or

(b) any individual who, under the usual common law rules applicable in determining employer-employee relationship, has the status of an employee; or

(c) any self-employed person who has at least one employee for who he is required to report in a given quarter; or

(d) any self-employed person who had more than $10,000 of annual gross revenue in the preceding calendar year.
(9) “Employer” means:

(a) For purposes of this Act, employer means the person, business organization or other organization, or national or state or municipal government or agency, that pursuant to common law rules of employment is the actual person or organization responsible for the formation and continuation of the working relationship with employee.

(b) The Social Security Administration has the right to determine the actual employer of employees for purposes of implementing this Act, and need not rely on the characterization provided.

(c) Employer may be an individual, partnership, corporation or other type of business, venture or non-business organization, national or municipal or state organization or agency thereof, and which in certain circumstances may be more than one, that is responsible for the payment of all Social Security taxes. For partnerships, the liability shall be joint and several among all partners. For other types of business or non-business organizations that are not corporations, the liability shall be joint and several as if the organization was a common law partnership. For corporations, if the corporation fails to meet its tax obligations when due, the liability, shall be joint and
several between the president of the corporation, and all shareholders with greater than a 30% interest in the corporation.

(9) Under this definition all such persons are jointly defined as the employer, for all purposes including the implementation of criminal penalties.

(10) "Employment covered" or "covered employment" means any service by an employee for an employer incorporated or doing business, or operating as a nonprofit organization within the Federated States of Micronesia him or her, irrespective of where such employment is performed, except family employment. Tax liability for an employee engaged in covered employment will result regardless of whether they pay other similar taxes in another jurisdiction and no credits shall be given for such payments. Covered employment also includes all employees of any vessels of whatever nature, which are flagged under FSM law, regardless of where the vessel is operating or sailing. The burden of proof is on the employer for justification for failure to withhold taxes from any employee engaged in covered employment, as defined herein.

(11) "Employment, non-covered" or "non-covered employment" means any employment engaged in by an employee where coverage is statutorily exempt in the
Federated States of Micronesia, family employment, or employment by an employee outside of the Federated States of Micronesia, which is not taxable by the FSM Social Security Administration.

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

(13) “Insured status” can mean any of the following:

(a) “Currently insured individual” means any individual who has not less than 20 quarters of coverage during the 25 quarter period ending with:

(i) the quarter in which he died; or
(ii) the quarter in which he became entitled to old age insurance benefits at age 60; or
(iii) the quarter in which he became disabled, whichever first occurs.

(b) For individuals who qualified as a currently insured person prior to December 31, 2006, the number of quarters to qualify as a currently insured person was not less than eight quarters of coverage during the 13 quarter period ending with:

(i) the quarter in which he died; or
(ii) the quarter in which he became entitled to old age insurance benefits at age 60;

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

(c) “Fully insured individual” means any individual whose total cumulative quarters of coverage are at least as great as the number of years calculated from the later of the date the worker turned 21, or June 30, 1968, to the date the worker attains age 60, or dies, or becomes disabled. For this purpose, partial years shall be counted as whole years (for example 37.25 years would be rounded up to 38 years). In no case shall an individual be a fully insured individual unless he has at least 12 quarters of coverage:

(i) For individuals who attain age 60, die or become disabled on or before December 31, 2006, no more than 38 quarters of coverage are required to be fully insured and there is no minimum amount required for employee contributions to the Social Security System.

(ii) For individuals who turn 60 or die after December 31, 2006, no more than 50 quarters of coverage and employee contributions to the Social Security System of at least $2,500 are required to be
fully insured. Should an individual’s employee contributions total less than $2,500 as of the date of termination of employment or death, the individual or their surviving spouse may pay the difference to the FSM Social Security Administration in a single sum payment in order to become fully insured. The surviving children will be eligible for benefits so long as the individual was currently insured at the time of the individual’s death.

(iii) For individuals who become disabled after December 31, 2006, no more than 45 quarters of coverage and employee contributions to the Social Security System of at least $1,500 are required to be fully insured. Should an individual’s employee contribution total less than $1,500 as of the date of termination from employment, the individual may pay the difference to the FSM Social Security Administration in a single sum payment in order to become fully insured.

(d) “Fully insured status” means:

(i) For individuals who turn 60 or die after January 1, 2010, shall have total cumulative quarters of coverage equaling 50 quarters of coverage or greater, and employee contributions to the Social Security System of at least $2,500 are required to be
fully insured. Employee contributions are the contributions defined in section 901 only. Should an individual’s employee contributions total less than $2,500 as of the date of qualification as a fully insured individual, the individual or their surviving spouse may pay the difference to the FSM Social Security Administration in a single sum payment in order to be fully insured. If the individual or the surviving spouse is unable to pay the difference on the minimum contribution, the individual or surviving spouse can opt for a lump sum payment equal to the total employee contribution.

(ii) “Fully insured” means for individuals who become disabled on or after January 1, 2010, at least 45 quarters of coverage are needed to be defined as fully insured, and they must also meet the definition of currently insured at the time of the onset of their disability. Additionally, employee’s contributions to the Social Security System of at least $1,500 are required to be fully. Insured. Should an individual’s employee contribution total less than $1,500 as of the date of disability, the individual may pay the difference to the FSM Social Security Administration in a single lump sum payment in order to be fully insured.
(14) "Quarter" and "calendar quarter" mean a period of three calendar months ending on March 31st, June 30th, September 30th, or December 31st. "Quarter of coverage" means a quarter in which the individual has been paid $300 or more in wages in covered employment subject to this subtitle.

(15) "Wages" means remuneration paid subject to the provisions of this subtitle, including the cash value of all remuneration paid in any medium other than cash and remuneration accruing to a self-employed person. Remuneration accruing to a self-employed person shall be deemed to be twice the amount paid to the highest paid employee reported by a self-employed person in a quarter, with a maximum of $3,000 per quarter through September 30, 2003 and a maximum of $5,000 per quarter beginning October 1, 2003. This maximum quarterly amount shall increase to $6,000 on January 1, 2008, $7,000 on January 1, 2013, [[$8,000 on January 1, 2018. $9,000 on January 1, 2023, and $10,000 on January 1, 2028.]] And on October 1, 2018, there shall be no maximum quarterly amount on wages. Remuneration accruing to a self-employed person who has no covered employees shall, for each quarter of a year, be deemed to be five percent of the gross revenue of the business or gross revenue of all businesses for the
previous calendar year, subject to a $3,000 maximum per quarter through September 30, 2003 and a maximum of $5,000 per quarter beginning on October 1, 2003.

[The] maximum quarterly amount shall increase to $6,000 on January 1, 2008, $7,000 on January 1, 2013, [$8,000 on January 1, 2018, $9,000 on January 1, 2023, and $10,000 on October 1, 2028.] and on October 1, 2018, there shall be no maximum quarterly amount on wages. Remuneration paid for any service, which is more or less than a whole dollar shall, as may be prescribed by regulations, be computed to the nearest dollar. Wages shall not include:

(a) that part of remuneration in excess of $3,000 through September 30, 2003 and in excess of $5,000 beginning October 1, 2003, in excess of $6,000 beginning January 1, 2008, in excess of $7,000 beginning January 1, 2013, [January 1, 2018, $9,000 on January 1, 2023, and $10,000 on October 1, 2028, paid in a quarterly reporting period by one employer,] paid in a quarterly reporting period by one employer. On October 1, 2018, there shall be no maximum quarterly amount on wages paid and taxed, and all wages will be subject to taxation;

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

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

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

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

(f) remuneration from family employment subject to the provisions of this subtitle.”

Section 2. Section 604 of title 53 of the Code of the Federated States of Micronesia (Annotated), is hereby amended to read as follows:

“§604. Susceptibility of benefits, contributions, and funds to legal process or assignment.

The benefits, the employee and employer contributions, and the securities in the several funds from all taxes presently or hereinafter levied shall not be subject to execution, attachment, or garnishment and shall be
nonassignable except as specifically provided in this subtitle. This prohibition though does not apply in the situation where a beneficiary of social security benefits is also an employer subject to this Act, with outstanding payments due to the FSM Social Security Administration for taxes, penalties and interest. These social security benefits may be levied upon up to 100% of the benefit, at the discretion of the FSM Social Security Administration Administrator and in the interest of justice.”

Section 3. Section 607 of title 53 of the Code of the Federated States of Micronesia (Annotated), is hereby amended to read as follows:

"§607. Lien for taxes.

(1) All taxes, including penalties and interest accrued thereon, imposed or authorized under this subtitle shall be a lien upon any property of the employer, having priority over all other claims and liens including liens for other taxes, except as provided in the Secured Transactions Act, and may be collected by levy upon such property in the same manner as the levy of an execution. Where the employer is also a beneficiary of social security benefits this section shall also authorize a levy on
such social security benefits for payment of taxes, penalties and interest owed by the employer.

(2) All taxes, including penalties and interest accrued thereon, imposed or authorized under this subtitle owed by a state or municipal government or national government or any agency thereof, shall be subject to a writ of garnishment of all moneys owed by the FSM National Government to any state or municipal government or any agency thereof, and such writ of garnishment shall have priority over any claim for such moneys in any manner by the particular state or municipal government or agency thereof and such writs of garnishment are specifically exempt from any prohibitions under section 707 of title 6 of this code.”

Section 4. Section 708 of title 53 of the Code of the Federated States of Micronesia (Annotated), is hereby amended to read as follows:

“$708. Review of Board determinations.

Any person aggrieved by a final order of the Board may obtain a review of the order in the Trial Division of the Supreme Court of the Federated States of Micronesia by filing in Court, within 60 days after the entry of the order, a written petition praying that the order be modified or set aside in whole or in
part. A copy of the petition shall be served on the
Board, by service on its secretary or other designated
agent, and thereupon the Board shall certify and file
in Court a copy of the record upon which the order was
entered. The findings of the Board as to the facts,
if supported by competent, material, and substantial
evidence, shall be conclusive. If either party
applies to the Court for leave to adduce additional
material evidence and shows to the satisfaction of the
Court that there was reasonable grounds for failure to
adduce the evidence in the hearing before the Board,
or its authorized representatives, and that such
evidence is competent, material, and substantial, the
Court may order the additional evidence to be taken by
the Board and to be adduced upon the hearing in such
manner and upon such conditions as the Court considers
proper. The Board may modify its findings and order
after receipt of further evidence together with any
modified or new findings or order. The judgment of
the Court upon the record shall be final, subject to
review by the Appellate Divisions of the Supreme court
upon petition of any aggrieved party, including the
Board, within 60 days from judgment. If in the
opinion of the Trial Division of the Supreme Court, or
the Appellate Division of the Supreme Court, a
petition or appeal is brought in bad faith, is frivolous or is brought without any substantial factual basis, then the Trial Division or Appellate Division may award costs and attorney’s fees to the prevailing party.”

Section 5. Section 801 of title 55 of the Code of the Federated States of Micronesia (Annotated), is hereby amended to read as follows:

“§801. Scope of Coverage; Verification of Employment; Old age benefits.

(1) All employees, wherever employed by an employer incorporated or doing business in the Federated States of Micronesia, shall be covered [unless both the employer and the employee are currently subject to any other recognized Social Security System] if they are engaged in covered employment as defined herein. Coverage is required even if the employee and employer are currently subject to another Social Security System. The 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 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 be
conducted within a month of each other and both shall be conducted within the first six months of the employee’s first contribution payment to the Social Security System. 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 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 the Federated States of Micronesia employer.

(2) Every person who:
   
   (a) is fully insured;
   
   (b) has attained age 60; and
   
   (c) has filed a complete application with the Social Security Administration for old age insurance shall be entitled to an old age insurance benefit subject to the earnings test as defined and applied in this subtitle.

(3) Old age insurance benefit payments shall be paid for each month commencing with the month for which both paragraphs (2)(a) and (2)(b) of this section are satisfied and shall end with the month preceding the month in which the applicant dies.
(4) Notwithstanding the provisions of subsections (2) and (3) of this section, retroactive payments shall be limited to the 12 months immediately preceding the month in which the individual entitled to the benefits has submitted an application.

(5) In an application for benefits under this section, whether individually or as a dependent, the applicant has the burden to come forward with evidence and to take all steps necessary to file a completed application. The Social Security Administration has the right to deny an application for benefits solely on the basis of non-compliance with the application process, or the failure of the applicant to produce reasonably available documents or information."

Section 6. Section 803 of title 53 of the Code of the Federated States of Micronesia (Annotated), is hereby amended to read as follows:

"§803. Dependent’s benefits.

(1) Every surviving child who:

(a) was dependent upon an individual who died fully insured or currently insured; and

(b) has filed a complete application with the Social Security Administrator for survivor’s insurance;
shall be entitled to a surviving child’s insurance benefit, subject to the earnings test as defined in this subtitle.

(2) A surviving child’s insurance benefit shall be paid for each month beginning with the month of death of the individual who died fully insured or currently insured and shall end with the month preceding the month which contains the first to occur of the following events:

(a) attainment of age 22 in the case of a surviving child who is a bono fide student; or
(b) ceasing to be disabled after the attainment of age 18 in the case of a surviving child who was disabled before attainment of age 22; or
(c) attainment of age 18 in the case of any surviving child not described in preceding paragraphs (a) and (b) of this subsection, except that benefits shall be payable during the disability of a surviving child who was disabled before the attainment of age 22 regardless of the child’s age;
(d) marriage; or
(e) adoption.

(3) A surviving child shall be [deemed] presumed to have been dependent upon his parent or adopting parent [unless that parent or adopting parent was not living
in the same household with or contributing to the
support of such child prior to his death] if the
parent or adopting parent was contributing the
majority of support of such child prior to his or her
death. Consideration will also be given if the child
was living in the same household as the parent or
adopting parent. The regulations issued by the Social
Security Administration shall determine the
definitions for this section. The child’s insurance
benefit 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.

(4) Notwithstanding the provisions of subsections
(1) and (2) of this section, retroactive payments
shall be limited to the 12 months immediately
preceding the month in which the surviving child or
the surviving child’s guardian has submitted an
application.

Section 7. Section 804 of title 53 of the Code of the
Federated States of Micronesia( Annotated), is hereby amended to
read as follows:

“§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 on or after January 1, 2011;

   (i) For individuals who are 65 and over; 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 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, such individual from ages 60 to 64 will receive 50 percent of the total of all the described benefits in this subsection, 16.5 percent of the first $10,000 of cumulative covered earnings, plus three percent of cumulative covered earnings in excess of $10,000 of cumulative covered earnings but not in excess of the $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. The 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 the age 60, benefit payments would be calculated the same as subsection (i) of this subsection.

(d) Earnings for covered employment after the 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.

(e) 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.

(f) 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 1, 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 so determined shall, if the individual is receiving a periodic workman’s compensation benefit, be reduced each month by the excess of the sum of the workman’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.

(4) Effective January 1, 2018, the maximum monthly benefit any recipient may receive is one thousand dollars ($1,000) per month.

(5) An insured eligible individual for old age benefits may elect an alternative benefit plan upon reaching the age of 60, effective the date this bill becomes law. If an insured eligible individual elects this alternative benefit, he will be paid 70% of the monthly benefit calculated in subsection (1) of this provision, but his benefits shall not be reduced by the earnings test as defined in section 603(7) or the reduction cited in section 804(1)(c)(ii).

(a) For an insured eligible individual who turns 60 on or after the date this bill becomes law, he or she must make a written election for this benefit payment plan under this subsection at the time of applying for social security retirement benefits after turning age 60. This election is non-revocable, and once this election is made the benefits shall always be calculated under this subsection.
(b) For an insured eligible individual who has already turned age 60 prior to the date this bill becomes law, he or she must make a written election for this benefit payment plan under this subsection within one year of the passage of this legislation. This election is non-revocable, and once this election is made the benefits shall always be calculated under this subsection. The benefit payments as calculated under this subsection shall then begin within ninety days of the election.

(6) All beneficiaries under this section shall be required to fill out an eligibility questionnaire provided by the Social Security Administration at reasonable intervals, which will enable the Administration to determine if benefits should continue and if eligibility for continuing benefits is being denied. The beneficiary shall have no less than ninety (90) days to return the completed questionnaire. Failure to return the completed questionnaire within the deadline provided in the questionnaire shall be grounds for a temporary termination of benefits, until such questionnaire is returned. The Social Security Administration shall pay back benefits upon receipt of the completed questionnaire and a determination of continued
eligibility, but such back benefits are limited to one year from the receipt by the Social Security Administration of the completed questionnaire.”

Section 8. Section 806 of title 43 of the Code of title 53 of the Federated States of Micronesia (Annotated), is hereby amended to read as follows:

“§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 60 percent of the retirement or disability insurance benefit calculated for the deceased spouse at the date of death. For a fully insured worker who dies after January 1, 2011, the benefit will be calculated as if he or she retired at age 65 but with existing quarters of coverage.

(2) Each eligible child of an insured worker shall be entitled to a monthly benefit of 15 percent of the retirement insurance benefit calculated for the deceased parent at the date of death. For a fully insured worker who dies after January 1, 2011, the benefit will be calculated as if he or she retired at age 65, but with existing quarters of coverage.

(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 benefit pays the highest monthly benefit. In addition, the surviving spouse shall be entitled to receive a lump sum equal to four percent of the cumulative covered earnings upon which the lower benefit is based, less the sum of all benefits already received on the basis of those cumulative covered earnings. If the spouse elects to accept the lump sum payment, he or she shall lose credit for all quarters of coverage earned up to the date of application. If that individual returns to work he or she shall start over again to earn quarters of coverage leading to be currently or fully insured.

(4) The monthly benefit paid to the surviving child(ren) shall be based on the higher of the two benefits that have been earned by the deceased parents if fully insured or currently insured. In addition the surviving child (ren) shall be entitled to receive a lump sum equal to two percent of the other deceased parent’s cumulative covered earnings, less the sum of all benefits, in any received by the deceased parent.

(5) The total survivor’s benefit paid to the spouse and children may not exceed the retirement benefit calculated for the decedent as of the date of death
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 amount of the deceased’s retirement benefit. In no event shall the amount paid be less than the minimum established by the Social Security Administration, as set out in section 804 of title 53 of this code.

(6) All beneficiaries and/or guardians of dependent children under this section shall be required to fill out an eligibility questionnaire provided by the Social Security Administration at reasonable intervals, which will enable the Administration to determine if benefits should continue and if eligibility for continuing benefits is being denied. The beneficiary and/or guardians of dependent children shall have no less than ninety (90) days to return the completed questionnaire. Failure to return the completed questionnaire within the deadline provided in the questionnaire shall be grounds for a temporary termination of benefits, until such questionnaire is returned. The Social Security Administration shall pay back benefits upon receipt of the completed questionnaire and a determination of continued eligibility, but such back benefits are limited to one year from the receipt by the Social Security Administration of the completed questionnaire.”
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: 5/01/18

Introduced by: /s/ Ferny S. Perman

Ferny S. Perman