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A BILL FOR AN ACT

To further amend title 53 of the Code of the Federated States of Micronesia, as amended by Public Law No. 5-120, by further amending section 603, as amended by Public Law No. 5-120, by increasing the maximum amount of wages which are subject to making contributions into the Social Security System for the purpose of bringing the Social Security System into financial balance, and for other purposes.

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

1 Section 1. Section 603 of title 53 of the Code of the Federated
2 States of Micronesia, as amended by Public Law No. 5-120, is hereby
3 further amended to read as follows:

4 "Section 603. Definitions. In this chapter, unless the
5 context otherwise requires, the following definitions shall
6 be applicable:

7 (1) 'Became disabled' means the first month in which
8 an individual is under a disability and is both fully and
9 currently insured.

10 (2) 'Board' means the Federated States of Micronesia
11 Social Security Board provided for by section 701 of this
12 subtitle.

13 (3) 'Child or spouse' means that an applicant is the
14 child or spouse of an individual if the court of the State
15 in which the individual was domiciled at the time of his
16 death has or would find the applicant to be the
17 individual's child or spouse in determining the devolution
18 of intestate personal property.

19 (4) 'Contributions' means the tax imposed upon income
20 of covered employees and the tax imposed upon employers on
21 account of wages paid to a covered employee.

22 (5) 'Disability' means inability to engage in any
23 substantial gainful employment by reason of any medically
24 determinable physical or mental impairment which can be
25 expected to result in death or which has lasted or can be

1 expected to last for a continuous period of not less than
2 twelve months.

3 (6) 'Earning test' means that an individual who
4 receives a retirement, disability, or survivor benefit and
5 who works in covered or noncovered employment shall have
6 his quarterly benefit reduced by one dollar for each two
7 dollars earned in a quarter, except there shall be no
8 reduction for the first \$300 earned in a quarter. The
9 reduction shall be applied in one of the subsequent two
10 quarters immediately after the quarter in which the
11 earnings were made, or as soon as possible thereafter.

12 (7) 'Employee' means:

13 (a) any officer of a corporation; or

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

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

20 (d) any self-employed person who had more than
21 \$10,000 of annual gross revenue in the preceding calendar
22 year.

23 (8) 'Employment' means any service by an employee for
24 an employer incorporated or doing business within the
25 Federated States of Micronesia employing him, irrespective

1 of where such employment is performed, except family
2 employment.

3 (9) 'Family employment' means employment of a worker
4 by a member of the household, a parent or a son or daughter
5 except that the worker may apply to the Board for a
6 determination that such employment is bona fide covered
7 employment subject to this subtitle.

8 (10) 'Insured status' can mean any of the following:

9 (a) 'Currently insured individual' means any
10 individual who has had not less than eight quarters of
11 coverage during the thirteen quarter period ending with:

12 (i) the quarter in which he died; or

13 (ii) the quarter in which he became
14 entitled to old age insurance benefits; or

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

17 (b) 'Fully insured individual' means any
18 individual who has not less than one quarter of coverage
19 for each year beginning after June 30, 1968, or for each
20 year after attaining the age of twenty-one, whichever is
21 later, and up to but excluding the year in which he
22 attained retirement age, became disabled, or died,
23 whichever first occurred, except that in no case shall an
24 individual be a fully insured individual unless he has at
25 least twelve quarters of coverage.

1 (11) 'Quarter' and 'calendar quarter' mean a period of
2 three calendar months ending on March 31st, June 30th,
3 September 30th, or December 31st. 'Quarter of coverage'
4 means a quarter in which the individual has been paid fifty
5 dollars or more in wages in employment subject to this
6 subtitle.

7 (12) 'Wages' means remuneration paid subject to the
8 provisions of this subtitle, including the cash value of
9 all remuneration paid in any medium other than cash and
10 remuneration accruing to a self-employed person.
11 Remuneration accruing to a self-employed person shall be
12 deemed to be twice the amount paid to the highest paid
13 employee reported by the self-employed person in a
14 quarter, ~~\$2,000~~ 10,000 maximum per quarter. Remuneration
15 accruing to a self-employed person who has no covered
16 employees shall, for each quarter of a year, be deemed to
17 be 2.5 percent of the gross revenue of the business for the
18 previous calendar year, subject to ~~\$2,000~~ 10,000 maximum.
19 Remuneration paid for any service which is more or less
20 than a whole dollar shall, as may be prescribed by
21 regulations, be computed to the nearest dollar. Wages
22 shall not include:

23 (a) that part of remuneration in excess of
24 ~~\$2,000~~ 10,000 paid in a quarterly reporting period by one
25 employer;

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

4 (c) any payment made to or on behalf of an
5 employee or to his beneficiary from a trust or annuity;

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

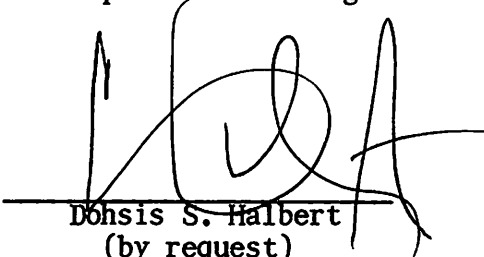
10 (e) remuneration paid for casual or intermittent
11 labor not performed in the course of the employer's trade
12 or business when such employment does not exceed employment
13 in more than one week in each calendar month of each
14 quarterly reporting period; and

15 (f) remuneration from family employment subject
16 to the provisions of this subtitle."

17 Section 2. This act shall become effective for the calendar
18 quarter commencing on July 1, 1989.

19 Section 3. This act shall become law upon approval by the
20 President of the Federated States of Micronesia or upon its becoming
21 law without such approval.

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23 Date: 5/25/89

24 Introduced by: 
Dohsis S. Halbert
(by request)

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