

Micronesia

Exchange rate: Currency is the US dollar (US\$).

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1967.

Current law: 1982 (social security), implemented in 1983, with 2003 amendment.

Type of program: Social insurance system.

Coverage

Gainfully occupied persons, including the self-employed.

Exclusions: Those engaged in casual labor working less than 1 week in any calendar month, certain self-employed persons, and those engaged in family employment.

Some government agencies provide individual retirement plans for employees.

Source of Funds

Insured person: 6% of earnings.

The minimum earnings for contribution purposes are US\$50 a quarter.

The maximum earnings for contribution purposes are US\$5,000 a quarter.

Self-employed person: 2.5% of business annual gross revenue for the previous calendar year.

The maximum earnings for contribution purposes are US\$5,000 a quarter.

Employer: 6% of twice the salary of the highest-paid employee per quarter.

Government: None; contributes as an employer.

Qualifying Conditions

Old-age pension: Age 60 with 1 quarter of coverage for each year after June 1968 (or since age 21, if later) up to age 60, with at least 12 quarters of coverage.

Earnings test: The old-age pension is reduced by US\$1 for each US\$2 of earnings above US\$300 a quarter, if the pensioner is reemployed.

Old-age lump-sum benefit: Payable to insured persons who do not qualify for the old-age pension at retirement age.

Disability pension: Incapacity for substantial gainful activity because of a disability that will last for at least a year or result in death. One quarter of coverage for each year after June 1968 (or since age 21, if later), with at least 12 quarters of coverage or at least 8 quarters of coverage during the last 13 quarters.

Eligibility for the disability pension may cease if the insured's condition improves.

Periodic examinations to determine the degree of disability are carried out by the Micronesia Social Security Administration's certified disability examiner.

Dependent disabled child benefit: If a wage earner dies fully insured, the benefit is payable to a dependent child who was disabled before reaching age 22. The benefit may continue for as long as the disability exists.

Survivor pension: The deceased had 1 quarter of coverage for each year after June 1968 (or since age 21, if later) or had at least 8 quarters of coverage in the 13 quarters before death.

The pension is payable to the surviving spouse and dependent children of a fully insured person. The pension for a spouse ceases on remarriage.

Earnings test: The survivor pension is reduced by US\$1 for each US\$2 of earnings the survivor receives above US\$300 a quarter.

Survivor lump-sum benefit: Payable to survivors if the benefits they are entitled to are less than 4% of the deceased's cumulative covered earnings.

All of the above pensions are payable abroad if a reciprocal agreement exists.

Old-Age Benefits

Old-age pension: The monthly pension is based on 16.5% of the first US\$10,000 of cumulative covered earnings, plus 3% of the next US\$30,000 of cumulative earnings, plus 2% of cumulative earnings over US\$40,000.

The minimum old-age pension is US\$50 a month.

Old-age lump-sum benefit: The lump sum is equal to 4% of the insured's cumulative covered earnings.

Permanent Disability Benefits

Disability pension: The monthly pension is based on 16.5% of the first US\$10,000 of cumulative covered earnings, plus 3% of the next US\$30,000 of cumulative earnings, plus 2% of cumulative earnings over US\$40,000.

The minimum disability pension is US\$50 a month.

Dependent disabled child benefit: 15% of the monthly disability pension that would have been payable to the deceased insured.

Survivor Benefits

Survivor pension: 60% of the deceased's pension is payable to a widow(er) at any age.

Orphan's pension: 15% of the deceased's pension for each child younger than age 18 (age 22 if a student, no limit if the child was disabled before age 22).

The maximum half-orphan's pension is 40% of the deceased's pension (if there are three or more children and if a survivor pension is paid to the spouse).

The maximum full-orphan's pension is 100% of the deceased's pension (if there are seven or more children).

The minimum survivor pension is US\$50 a month.

The maximum survivor pension is 100% of the insured worker's pension.

Benefit adjustment: Survivor benefits are adjusted according to changes to the earnings test.

Survivor lump-sum benefit: 4% of the deceased's total cumulative covered earnings (reduced by the amount of any benefits paid to the insured and his or her eligible dependents).

Administrative Organization

U.S. Social Security Administration (<http://www.socialsecurity.gov>) administers the program.

Micronesia Social Security Administration (<http://www.fm/fmss>) administers the program at the local level.