

Micronesia

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

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1968.

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

Type of program: Social insurance system.

Coverage

Gainfully employed persons, and self-employed persons with annual earnings of at least US\$10,000 or with at least one employee (small businesses).

Voluntary coverage for self-employed persons with annual earnings of less than US\$10,000 and for citizens working abroad.

Exclusions: Casual employees who work less than one week in any calendar month and family labor.

Special systems (individual retirement plans) for some types of government employees.

Source of Funds

Insured person: 7.5% of quarterly covered earnings.

The minimum quarterly earnings used to calculate contributions are US\$300.

The maximum quarterly earnings used to calculate contributions are US\$8,000 (rising by US\$1,000 every five years until reaching US\$10,000 in 2028).

Self-employed person: 5% of gross annual business revenue for the previous calendar year or 5% of twice the quarterly salary of the highest paid employee (small businesses). Voluntary contributions of 15% of annual gross revenue for the previous calendar year for self-employed persons with annual earnings of less than US\$10,000.

The maximum quarterly earnings used to calculate contributions are US\$8,000 (rising by US\$1,000 every five years until reaching US\$10,000 in 2028).

Employer: 7.5% of quarterly payroll.

The maximum quarterly earnings used to calculate contributions are US\$8,000 (rising by US\$1,000 every five years until reaching US\$10,000 in 2028).

Government: None; contributes as an employer.

Qualifying Conditions

Old-age pension (earnings tested): Age 65, fully insured, and has at least 50 quarters of coverage and at least US\$2,500 in contributions.

A person is fully insured when his or her total quarters of coverage is at least the number of years after June 1968 or since age 21 (whichever is later) up to age 60.

Employment may continue.

Early pension (not earnings tested): Age 60 and meets the contribution requirements for an old-age pension.

Employment may continue.

The old-age pension is payable abroad to citizens of Palau, the Marshall Islands, and the United States, under reciprocal agreement. For citizens of other nations who are fully insured and older than age 60, benefits are paid over a six-month period.

Old-age settlement: Age 65, a citizen of the Federated States of Micronesia, and does not meet the contribution requirements for the old-age pension.

The old-age settlement is payable abroad to citizens of Palau, the Marshall Islands, and the United States under reciprocal agreement.

Disability pension: Must be fully insured; have an assessed incapacity for substantial gainful activity due to a disability that has lasted for at least three months and is expected to last for at least one year or result in death; have at least 45 quarters of coverage, including in 20 of the last 25 quarters; and at least US\$1,500 in contributions.

A person is fully insured when the total quarters of coverage is at least the number of years after June 1968 or since age 21 (whoever is later) up to the date the disability began.

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

Certified disability examiners from the Federated States of Micronesia Social Security Administration periodically assess the degree of disability.

The disability pension is payable abroad to citizens of Palau, the Marshall Islands, and the United States under reciprocal agreement. For citizens of other nations who are fully insured and older than age 60, benefits are paid over a six-month period.

Dependent disabled child benefit: Paid to a dependent child disabled before age 22 when an insured person receiving or entitled to receive a disability pension dies. The benefit is paid for as long as the child's disability exists.

The dependent disabled child benefit is payable abroad to citizens of Palau, the Marshall Islands, and the United States under reciprocal agreement. For citizens of other nations who are fully insured and older than age 60, benefits are paid over a six-month period.

Survivor pension (earnings tested): The deceased was fully insured and had at least 50 quarters of coverage and US\$2,500 in contributions.

A person is fully insured when his or her total quarters of coverage is at least the number of years after June 1968 or since age 21 (whichever is later) until death.

Eligible survivors include a widow(er) and dependent, unmarried children younger than age 18 (age 22 if a student; no limit if disabled before age 22).

The widow(er)'s pension ceases upon remarriage, and the orphan's pension ceases upon adoption.

The survivor pension is payable abroad to citizens of Palau, the Marshall Islands, and the United States under reciprocal agreement. For citizens of other nations (if the deceased was fully insured and older than age 60), benefits are paid over a six-month period.

Survivor settlement: If the survivor pension is less than 4% of the deceased's cumulative covered earnings, a lump sum is paid to eligible survivors.

The survivor settlement is payable abroad to citizens of Palau and the Marshall Islands under reciprocal agreement.

Old-Age Benefits

Old-age pension (earnings tested): The monthly pension is 16.5% of the first US\$10,000 of the insured's cumulative covered earnings plus 3% of earnings from US\$10,001 to US\$40,000 plus 2% of earnings from US\$40,001 to US\$302,500 plus 1% of earnings above US\$302,500.

The minimum monthly old-age pension is US\$100.

Earnings test: The old-age pension is reduced by US\$1 for every US\$2 of quarterly earnings above US\$300.

Early pension (not earnings tested): 50% of the full monthly old-age pension is paid.

Benefit adjustment: Benefits are adjusted based on changes in the earnings test.

Old-age settlement: 4% of the insured's cumulative covered earnings is paid.

Permanent Disability Benefits

Disability pension: The monthly pension is 16.5% of the first US\$10,000 of the insured's cumulative covered earnings plus 3% of earnings from US\$10,001 to US\$40,000 plus 2% of earnings from US\$40,001 to US\$302,500 plus 1% of earnings above US\$302,500.

The minimum monthly disability pension is US\$100.

Dependent disabled child benefit: 15% of the monthly disability pension the deceased received or was entitled to receive is paid.

Survivor Benefits

Survivor pension (earnings tested):

Spouse's pension: 60% of the old-age or disability pension the deceased received or was entitled to receive is paid to a widow(er).

Earnings test: The spouse's pension is reduced by US\$1 for every US\$2 of quarterly earnings exceeding above US\$300.

The minimum monthly spouse's pension is US\$100.

The maximum monthly spouse's pension is 100% of the old-age or disability pension the deceased received or was entitled to receive.

Orphan's pension: 15% of the old-age or disability pension the deceased received or was entitled to receive is paid for each eligible child.

Earnings test: The orphan's pension is reduced by US\$1 for every US\$2 of quarterly earnings above US\$300.

The minimum monthly orphan's pension is US\$100.

The maximum combined half orphan's pension is 40% of the old-age or disability pension the deceased received or was entitled to receive (if there are three or more children and if a spouse's pension is paid).

The maximum combined full orphan's pension is 100% of the old-age or disability pension the deceased received or was entitled to receive (if there are seven or more children and if no spouse's pension was ever paid).

Benefit adjustment: Benefits are adjusted based on changes in the earnings test.

Survivor settlement: 4% of the deceased's total cumulative covered earnings minus the amount of any benefits previously paid to the deceased and his or her eligible dependents is paid.

Administrative Organization

Federated States of Micronesia Social Security Administration (<http://www.fsmsa.fm/>) administers the program and collects contributions.