Micronesia

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

Old Age, Disability, and Survivors

Regulatory Framework
First law: 1968.
Type of program: Social insurance system.

Coverage
Gainfully employed persons, including certain self-employed persons.
Exclusions: Casual employees who work less than 1 week in any calendar month, certain self-employed persons, and family labor.
Special systems (individual retirement plans) for some government employees.

Source of Funds
Insured person: 7% of earnings (October 2010).
The minimum earnings used to calculate contributions are US$300 a quarter.
The maximum earnings used to calculate contributions are US$6,000 a quarter.
Self-employed person: 5% of business annual gross revenue for the previous calendar year.
The maximum earnings used to calculate contributions are US$6,000 a quarter.
Employer: 7% of twice the salary of the highest-paid employee per quarter (October 2010).
Government: None; contributes as an employer.

Qualifying Conditions
Old-age pension (earnings-tested): Age 60 with 1 quarter of coverage for each year after June 1968 (or since age 21, if later) up to age 60 and a total of at least 50 quarters and US$2,500 in contributions.
As of 2011, the full old-age pension is paid at age 65. A reduced pension is paid to persons aged 60 to 64 who meet the qualifying conditions for an old-age pension. They may continue to work.
Earnings test: The old-age pension is reduced by US$1 for each US$2 of earnings exceeding US$300 a quarter, if the pensioner is reemployed.

The 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, a lump sum of the total value of contributions is paid over a six-month period.

Old-age lump-sum benefit: Paid to insured citizens of Micronesia who do not qualify for the old-age pension at retirement age.
The lump-sum benefit is payable abroad to citizens of Palau, the Marshall Islands, and the United States under reciprocal agreement.

Disability pension: Must have an assessed incapacity for substantial gainful activity due to a disability that will last for at least one year or result in death. Must have at least 1 quarter of coverage for each year after June 1968 (or since age 21, if later) and a total of at least 45 quarters of coverage (including 20 in the last 25 quarters) and US$1,500 in contributions.
Eligibility for the disability pension may cease if the insured’s condition improves.
Micronesia’s Social Security Administration’s certified disability examiners conduct periodic examinations to assess the degree of disability.

Dependent disabled child benefit: Paid for the death of an insured person eligible for a disability pension to a dependent child disabled before age 22. The benefit may continue as long as the disability exists.
Disability benefits are 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, a lump sum of the total value of contributions is paid over a six-month period.

Survivor pension (earnings-tested): The deceased had 1 quarter of coverage for each year after June 1968 (or since age 21, if later) and a total of at least 50 quarters of coverage and US$2,500 in contributions.
Eligible survivors are the insured’s spouse and dependent, unmarried children younger than age 18 (age 22 if a student, no limit if the child was disabled before age 22).
The spouse’s pension ceases on remarriage.
Earnings test: The survivor’s pension is reduced by US$1 for each US$2 of earnings exceeding US$300 a quarter.
The 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), a lump sum of the total value of contributions is paid over a six-month period.

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

The lump-sum survivor benefit 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 cumulative covered earnings plus 3% of the next US$30,000 plus 2% of the next US$262,500 plus 1% of cumulative earnings exceeding US$302,500.

The minimum monthly old-age pension is US$75.

Early pension: As of 2011, 50% of the old-age pension is paid.

Benefit adjustment: Benefits are adjusted according to changes in the earnings test.

**Old-age lump-sum benefit:** 4% of the insured’s cumulative covered earnings are paid.

**Permanent Disability Benefits**

**Disability pension:** The monthly pension is 16.5% of the first US$10,000 of cumulative covered earnings plus 3% of the next US$30,000 plus 2% of the next US$262,500 plus 1% of cumulative earnings exceeding US$302,500.

The minimum monthly disability pension is US$75.

**Dependent disabled child benefit:** The benefit is 15% of the monthly disability pension that would have been paid to the deceased.

**Survivor Benefits**

**Survivor pension (earnings-tested):** 60% of the deceased’s pension is paid to a widow(er), regardless of age.

**Orphan’s pension (earnings-tested):** 15% of the deceased’s pension is paid for each eligible child.

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

The minimum monthly survivor pension is US$75.

The maximum survivor pension is 100% of the old-age pension the deceased would have been entitled to receive.

Benefit adjustment: Benefits are adjusted according to changes in the earnings test.

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

**Administrative Organization**

Federated States of Micronesia Social Security Administration (http://www.fm/fsmss) administers the program.