

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, including self-employed persons earning at least US\$10,000 a year or with at least one employee (small businesses).

Voluntary coverage for self-employed persons earning less than US\$10,000 a year.

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 earnings.

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

The maximum earnings used to calculate contributions are US\$7,000 (rising by US\$1,000 every five years until reaching US\$10,000 in 2028) a quarter.

Self-employed person: 5% of business annual gross revenue for the previous calendar year or 5% of twice the 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 earning less than US\$10,000 a year.

The maximum earnings used to calculate contributions are US\$7,000 (rising by US\$1,000 every five years until reaching US\$10,000 in 2028) a quarter.

Employer: 7.5% of twice the salary of the highest-paid employee per quarter.

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 US\$2,500 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, if younger than age 21 in June 1968) up to age 60.

Early pension (not earnings tested): Aged 60 to 64 and meets the contribution requirements for an old-age pension. Retirement is not necessary.

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, benefits are paid over a six-month period.

Old-age lump-sum benefit: Paid to insured citizens of Micronesia who do not meet the contribution requirements for the old-age pension at the normal 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 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, and have at least 45 quarters of coverage (including 20 in the last 25 quarters) and 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, if younger than age 21 in June 1968) until becoming disabled.

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.

Dependent disabled child benefit: Paid to a dependent child disabled before age 22 when an insured person eligible for a disability pension dies. 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, benefits are paid over a six-month period.

Survivor pension (earnings tested): The deceased was fully insured and had a total of at least 50 quarters of coverage and US\$2,500 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, if younger than age 21 in June 1968) until death.

Eligible survivors include 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, and the orphan's pension ceases on adoption.

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), benefits are 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.

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 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 exceeding 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 earnings exceeding US\$300 a quarter.

Early pension (not earnings tested): 50% of the full monthly 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 is 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 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 exceeding 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

Spouse's pension (earnings tested): 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 earnings exceeding US\$300 a quarter.

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 (earnings tested): 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 earnings exceeding US\$300 a quarter.

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 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.