

Board Meets for 2nd Regular Meeting of CY 2006

On August 1 and 2, 2006, the FSM Social Security Board of Trustees met for its 2nd regular meeting of



calendar year 2006. Attending the meeting were Chairman and Pohnpei State representative, Jack E. Yakana; Vice Chairman and National Government Representative, Nahoy G. Selifis; Charles Chieng from Yap State; Nena Ned of Kosrae State; and ex-officio member, FSMSS Administrator Alexander R. Narruhn. Deputy Administrator, Dernista I. Capelle, was also present.

In his report to the board, the Administrator revealed that the 3rd Freely Associated States Social Security Administrators' Conference was a success. During said conference, the participating social security administrations were able to make progress on the new database software recently installed, services to the public in general, and the totalization agreement. The totalization agreement had been ratified in the FSM and Palau. Implementation was set to September 1 of this year even if it is not ratified in Marshalls by then. Perhaps most significant was that the conference set the initiative for a totalization agreement between the three participating nations and the U.S. Each administration would be working closely with its respective Foreign Affairs to bring about this totalization agreement. The plan is to have the Foreign Affairs of each nation include the totalization agreement in its Compact II Reviews. The administrator presented the status of the FSMSSA and revealed that a total of \$322,035.53 in delinquent taxes had been collected in the first quarter of 2006. From January 1 to March 31 of this year, total collections registered at \$3.387 million. Total benefits paid during the same period amounted to \$3.029 million. As of March 31, 2006, administrative expenses totaled \$233,408, representing 23.8% of the approved budget for calendar year 2006. Investments saw a gain of \$1.036 million in the first quarter. As a result of positive performance in both operations and investments, net assets increased by \$1,111,399 during the first quarter.

Moving on to new business, the board entertained appeal cases. As is mandated by law, a person whose claim is denied by the FSMSSA has the right to make an appeal to the board within 60 days of the denial. The board then went over responses to a Request for Proposal that was posted by the FSMSSA for a new investment consultant. The current investment consultant for the FSMSS portfolio is Merrill Lynch.

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