

FSMSS Board Considers Delaying a Provision of Public Law 15-73

The FSMSS Board of Trustees convened for its 2nd Regular Meeting of calendar year 2009 in Chuuk from June 22 to 24.

Present at the meeting were Chairman of the Board and Representative of Chuuk State, Garrison Irons; Vice Chairman of the Board and Representative of Pohnpei State, Rose N. Nakanaga; National Government Representative, Nahoy G. Selifis; Kosrae State Representative, Jefferson Timothy; and serving as ex-officio member, Administrator Alexander R. Narruhn.

The board met with its investment consultant represented by Jason Miyashita to discuss the investment policy. The newly passed Public Law 15-73 made changes to the investment act that necessitated an update of the investment policy.

These changes included the new areas into which the FSMSSA could invest to maximize returns. The investment consultant revealed to the board that as of June 22, 2009, the portfolio's market value was \$34.1 million. He reiterated that the ongoing woes facing the investment world would continue to yield an up-and-down trend in the performance of the portfolio.

Moving on, the board discussed the new law and the concerns expressed through resolutions from the Pohnpei State and Yap State Legislatures pertaining to Section 804(1)(c).

This provision changed the law so that individuals who turn 60 beginning January 1, 2010 and on would receive 50% of their calculated retirement amount up to age 64. From age 60 to 64, these individuals can work with no adjustment to their monthly benefit. At age 65, they would receive 100% except that if they work, their benefit would be subject to the earnings test in which their monthly benefit is adjusted based on how much they earn in a quarter.

In its discussions, the board acknowledged the concerns pertaining to this provision and made a resolution to delay its effective date by 3 years. The board urged the administration to lobby congress to supplement the program during this 3-year delay.

In other areas, the board went over its financial statements. The administrator revealed that collections for the 1st Quarter of calendar year 2009 totaled to \$3,309,831 while benefit payments came in at \$3,667,204. These figures continued the trend of benefit payments surpassing tax collections. Administrative expenses for the 1st Quarter were at \$194,269 with investments seeing a loss of \$851,105 for the same period.

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