

FSMSS Board of Trustees 2nd Regular Board Meeting of 2005

The FSM Social Security Administration Board of Trustees met in Yap from May 18 to 19 for their 2nd



Regular Board Meeting of Calendar Year 2005. During their stay on Yap, the board members also conducted a public forum for the citizens of Yap and met with the state's legislature to address any questions and concerns that the people of Yap state might have. All members on the board were present: Chairman and Representative of Yap State, Charles L. Chieng; Vice-Chairman and Representative of Pohnpei State, Lt. Gov. Jack E. Yakana; Representative of Chuuk State, Bernes O. Reselap; Representative of Kosrae State, Nena

Ned; National Government Representative, Nahoy G. Selifis; and board ex-officio member, FSMSS Administrator Alexander R. Narruhn.

The board appointed May 18 to be the date for the public forum and the visit to the Yap State Legislature. The meeting then took place on the 19th. First up on the agenda for the board meeting was the 20-year projection of the program created by the Pacific Actuarial Services to give the board members a forecast of the system within the next 20 years to determine its viability. The projection showed that the system would be viable within the next 20 years if there are no changes to the benefit formula and structure. Within the projected time period, the funding ratio is expected to increase to 25%. The projection cautioned against implementing amendments that would increase benefits as that would result in the need for additional funding resources. The projection did recommend a few changes that would improve the funding ratio and these recommendations included adding a fourth tier to the benefit formula, increasing the retirement age, introducing early retirement, or making periodical increases to the wage base. After much discussion, the board advised the administrator to propose a bill that would contain these recommendations for congress to consider

The board then went over financial statements and tax collection reports for the 1st Quarter of 2005. The administrator informed the board of a change in accounting principle under the new compact that directed the use of accrual accounting instead of traditional cash accounting. The administrator pointed out that the deficit for Calendar Year 2004 presented to the board in the previous meeting has changed to a surplus of \$114,246.06 due to the accrued accounting. As of March 31st, 2005, the total equity is \$39,880,348.33. Delinquent tax collections increased by 4.4% in comparison to the previous 1st Quarter of 2004 and 2003. Accounts receivable also increased by 7.6% with 18 audits completed for the first quarter. Investments, on the other hand, saw a loss of \$266,550.95 during the first quarter. In other areas, the board entertained an appeal case and approved the Administrator's contract for another 3 years.

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