

Trustees Meet in Chuuk for 2nd Regular Board Meeting of 2004

The FSM Social Security Board of Trustees met in Chuuk for its 2nd Regular Board Meeting of calendar



year 2004. Those present at the meeting were Chairman Charles L. Chieng who also represents Yap state, Vice Chairman Lt. Governor Jack E. Yakana from Pohnpei, Nena Ned from Kosrae, Bernes O. Reselap of Chuuk, Nahoy G. Selifis from the National Government, and FSMSS Administrator Alexander R. Narruhn serving as ex-officio member. On August 9, the Board held a forum open to the public to give the people of Chuuk an

opportunity to voice any questions or concerns that they had.

One of the questions that arose concerned the fact that people were missing quarters in their wage histories. The board attributed this problem to Chuuk State Government's debt to FSM Social Security, which amounts to a total of \$634,871.91 as of August 10, 2004. These are in penalties and interest from delinquent quarters in 1995 to 1997 and underpayments in 2002 and 2003. In other words, Chuuk State Government has been underpaying paying social security taxes for quarters during these years and thus resulting in quarters not being credited to individuals who worked. The board advised those gathered to periodically check at the Social Security Chuuk Branch Office for their wage histories so they will know if they are being properly credited for quarters that they work in both the government and private sectors.

Tuesday, August 10, saw the board paying a visit to the Governor of Chuuk, Ansito Walter. The board brought up the Prior Service Program during their meeting. They mentioned the deteriorating fund of the program and elaborated of its present status, which is imminent collapse. There is \$1.5 million in the budget appropriated by the U.S. Congress and that the Prior Service Program is a priority. Nonetheless, the final decision lies with the Department of the Interior whether this money will go to the Prior Service Program or somewhere else. The board articulated the need to have the support of the country's leadership in lobbying for the Prior Service Program. Discussion went on to the dilemma that is currently facing the Municipal Governments of Chuuk State. The FSM Social Security Administration is referring the Municipal Governments of Chuuk for legal counsel because of tax delinquency. The Governor asked the board to reconsider and perhaps waive penalties and interest. The board informed the governor that the purpose of the legal referral is for their lack of payments, which has led to employees not being fully insured and therefore are not qualified for benefits. The board further reported to the Governor that the accountability of collections since the 3rd Quarter of 1998 has to be reviewed in that most of the employees of the municipal governments have only 2 quarters credited in a year. The board has already

informed the Finance Department of the matter and since it is an internal accountability matter, the process needs to be done by the Chuuk State Finance Department. The board met with Speaker Joe Suka and he repeated the situation facing the municipal governments. He said he would look into the matter and do what he can. He revealed that Legislature is willing to appropriate money to solve the problem but stated that he needs to be informed of the matter by the Executive Branch, so far only the FSMSSA has done this.

The board held their meeting on August 11. The Totalization Agreement that was created by the Social Security Administrators of the FSM, Palau, and Marshall Islands was approved. The Totalization Agreement is now pending approval by the President of the FSM. The three administrations hope to start the implementation of the agreement by January 2005. In other areas, the board went over financial reports prepared by the FSM Social Security Administration.

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