Section 1. Section 603 of title 53 of the Code of the Federated States of Micronesia, as amended by Public Law No. 5-120, is hereby further amended to read as follows:

"Section 603. Definitions. In this chapter, unless the context otherwise requires, the following definitions shall be applicable:

(1) ‘Became disabled’ means the first month in which an individual is under a disability and is both fully and currently insured.

(2) ‘Board’ means the Federated States of Micronesia Social Security Board provided for by section 701 of this subtitle.

(3) ‘Child or spouse’ means that an applicant is the child or spouse of an individual if the court of the State in which the individual was domiciled at the time of his death has or would find the applicant to be the individual’s child or spouse in determining the devolution of interstate personal property.

(4) ‘Contributions’ means the tax imposed upon income of covered employees and the tax imposed upon employers on account of wages paid to a covered employee.

(5) ‘Disability’ means inability to engage in any
substantial gainful employment by reason of any medically
determinable physical or mental impairment which can be
expected to result in death or which has lasted or can be
expected to last for a continuous period of not less than
twelve months.

(6) ‘Earning test’ means that an individual who
receives a retirement, disability, or survivor benefit and
who works in covered or noncovered employment shall have
his quarterly benefit reduced by one dollar for each two
dollars earned in a quarter, except there shall be no
reduction for the first $300 earned in a quarter. The
reduction shall be applied in one of the subsequent two
quarters immediately after the quarter in which the
earnings were made, or as soon as possible thereafter.

(7) ‘Employee’ means:

(a) any officer of a corporation; or

(b) any individual who, under the usual common
law rules applicable in determining the employer-employee
relationship, has the status of an employee; or

(c) any self-employed person who has at least
one employee for whom he is required to report in a given
quarter; or

(d) any self-employed person who had more than
$10,000 of annual gross revenue in the preceding calendar
year.
(8) ‘Employment’ means any service by an employee for an employer incorporated or doing business within the Federated States of Micronesia employing him, irrespective of where such employment is performed, except family employment.

(9) ‘Family employment’ means employment of a worker by a member of the household, a parent or a son or daughter except that the worker may apply to the Board for a determination that such employment is bona fide covered employment subject to this subtitle.

(10) ‘Insured status’ can mean any of the following:

(a) ‘Currently insured individual’ means any individual who has had not less than eight quarters of coverage during the thirteen quarter period ending with:

(i) the quarter in which he died; or

(ii) the quarter in which he became entitled to old age insurance benefits; or

(iii) the quarter in which he became disabled, whichever first occurs.

(b) ‘Fully insured individual’ means any individual who has not less than one quarter of coverage for each year beginning after June 30, 1968, or for each year after attaining the age of twenty-one, whichever is later, and up to but excluding the year in which he attained retirement age, became disabled, or died,
whichever first occurred, except that in no case shall an individual be a fully insured individual unless he has at least twelve quarters of coverage.

(11) ‘Quarter’ and ‘calendar quarter’ mean a period of three calendar months ending on March 31st, June 30th, September 30th, or December 31st. ‘Quarter of coverage’ means a quarter in which the individual has been paid fifty dollars or more in wages in employment subject to this subtitle.

(12) ‘Wages’ means remuneration paid subject to the provisions of this subtitle, including the cash value of all remuneration paid in any medium other than cash and remuneration accruing to a self-employed person. Remuneration accruing to a self-employed person shall be deemed to be twice the amount paid to the highest paid employee reported by the self-employed person in a quarter, $3,000 maximum per quarter. Remuneration accruing to a self-employed person who has no covered employees shall, for each quarter of a year, be deemed to be 2.5 percent of the gross revenue of the business for the previous calendar year, subject to $3,000 maximum. Remuneration paid for any service which is more or less than a whole dollar shall, as may be prescribed by regulations, be computed to the nearest dollar. Wages shall not include:

(a) that part of remuneration in excess of
$3,000 paid in a quarterly reporting period by one employer;
(b) any payment on account of sickness or
accident disability, or medical or hospitalization expenses
made by an employer to or on behalf of an employee;
(c) any payment made to or on behalf of an employee
or to the employee’s beneficiary from a trust or annuity;
(d) remuneration paid in any medium other than
cash to an employee for service not in the course of the
employer’s trade or business or for domestic service in a
private home of an employer;
(e) remuneration paid for casual or intermittent
labor not performed in the course of the employer’s trade
or business when such employment does not exceed employment
in more than one week in each calendar month of each
quarterly reporting period; and
(f) remuneration from family employment subject
to the provisions of this subtitle.”

Section 2. Section 804 of title 53 of the Code of the Federated
States of Micronesia, as amended by Public Law No. 5-120, is hereby
further amended to read as follows:

“Section 804. Amount of retirement and disability insurance
benefits.
(1) An insured eligible individual shall be paid a
monthly old age benefit for life, except for any month of
disqualification as provided by this subtitle, in an
amount calculated upon an annual basis of 16.5 percent of
the first $10,000 of cumulative covered earnings, plus
3 percent of cumulative covered earnings in excess of
$10,000 but not in excess of the next $30,000, plus 2
percent of cumulative covered earnings in excess of $40,000.
Earnings for employment after commencement of payments for
retirement or disability insurance benefits shall be included
in benefit calculations upon subsequent application for
benefits, but such earnings shall be applicable for benefits
for months after the calendar year in which such earnings
occurred. For the purpose of this section cumulative
covered earnings includes earnings on which contributions
have been paid by the individual to the Trust Territory
Social Security System.

(2) An insured, eligible individual shall be paid a
minimum monthly benefit of fifty dollars if the benefit amount
calculated in accordance with subsection (1) of this section
is less than fifty dollars monthly.

(3) An individual who is both fully and currently
insured and who has been under a disability for three full
calendar months shall be paid a monthly benefit for life or
until recovery from the disability, except for any month of
disqualification as provided by this subtitle in an amount
calculated in accordance with the preceding subsections of
this section. Further, the amount of the benefit as so
determined shall, if the individual is receiving a periodic 
workmen’s compensation benefit, be reduced each month by 
the excess of the sum of the workmen’s compensation benefit 
for the month and the benefit payable under this act over 
eighty percent of one-twelfth of the highest annual covered 
wages in the period consisting of the year in which the 
disability occurred and the preceding five years. If a 
workmen’s compensation benefit was payable in periodic 
benefits but was commuted to a lump sum, for the purposes of 
this subsection it will be considered that the periodic 
benefit originally available was paid in each month that it 
would have been paid if the commutation had not occurred.”

Section 3. This act shall become effective July 1, 1993.
Section 4. This act shall become law upon approval by the 
President of the Federated States of Micronesia or upon its becoming 
law without such approval.

Signed by President Bailey Olter
on December 11, 1992