TOTALIZATION AGREEMENT BETWEEN
THE REPUBLIC OF THE MARSHALL ISLANDS,
THE FEDERATED STATES OF MICRONESIA, AND
THE REPUBLIC OF PALAU
ON SOCIAL SECURITY

The purpose of this Agreement is to allow a worker or self-employed worker who has worked in the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau and who is not eligible for a monthly old-age retirement benefit under the social security administration of any of these countries to combine his credited service earned under all three systems to determine if he is then eligible for an old-age retirement benefit and to determine the amount of such old-age retirement benefit.

The provisions of this Agreement shall only be available to a worker or self-employed worker who, prior to application of this Agreement, is not otherwise eligible for a monthly old-age retirement benefit under the social security administration of the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau based on his credited service earned under each individual system.

The Government of the Republic of the Marshall Islands, the Government of the Federated States of Micronesia, and the Government of the Republic of Palau, being desirous of regulating the relationship between their three countries in the field of Social Security, have agreed as follows:

PART I
GENERAL PROVISIONS

Article 1

1. For the purpose of this Agreement:

(a) "Agency" means,

As regards the Republic of the Marshall Islands, the Social Security Administration of the Republic of the Marshall Islands,

As regards the Federated States of Micronesia, the Social Security Administration of the Federated States of Micronesia, and

As regards the Republic of Palau, the Social Security Administration of the Republic of Palau;

(b) "Benefit" means any benefit provided for in the laws specified in Article 2 of this Agreement;
(c) "Citizen" means,

As regards the Republic of the Marshall Islands, a citizen of the Republic of the Marshall Islands,

As regards the Federated States of Micronesia, a citizen of the Federated States of Micronesia, and

As regards the Republic of Palau, a citizen of the Republic of Palau;

(d) "Competent Authority" means the official with overall responsibility for administration of a country’s social security system including all applicable laws and international social security agreements,

As regards the Republic of the Marshall Islands, the Administrator of Social Security in the Republic of the Marshall Islands is the competent authority,

As regards the Federated States of Micronesia, the Administrator of Social Security in the Federated States of Micronesia is the competent authority, and

As regards the Republic of Palau, the Administrator of Social Security in the Republic of Palau is the competent authority;

(e) “Contracting Country” means the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau;

(f) “Covered Earnings” means the worker’s or self-employed worker’s gross earnings during any calendar quarter subject to the maximum taxable amount determined under the applicable laws of each contracting country that is a party to this Agreement and earned in that contracting country;

(g) “Covered Worker” means a worker who has earned periods of coverage under one or more agencies named in this Agreement;

(h) “Cumulative Covered Earnings” means the sum of all covered earnings of a worker or of a self-employed worker as defined under the applicable laws of each contracting country that is a party to this Agreement and earned in that contracting country;

(i) “Cumulative Quarters of Coverage” means the sum of all quarters of coverage;
“Fully Insured” means that the total cumulative quarters of coverage are at least as great as the number of years calculated from the later of the date the worker turned age twenty-one (21) or June 30, 1968, to the date the worker attains age sixty (60). For this purpose, partial years shall be counted as whole years (for example 37.25 years would be rounded up to 38 years). However no more than thirty-eight (38) quarters of coverage are required to be fully insured.

"Laws" means the laws and regulations specified in Article 2;

"Laws on Compulsory Coverage" means, provisions relating to covered employment and self-employment;

"Quarter of Coverage" means a calendar quarter during which payment of contributions is made based on wages for employment or self-employment determined under the applicable laws of the contracting country that is a party to this Agreement in which the quarters were earned;

“Total Cumulative Covered Earnings” means the sum of cumulative covered earnings earned in each contracting country;

“Total Cumulative Quarters of Coverage” means the sum of cumulative covered quarters of coverage earned in each contracting country.

Article 2

1. For the purpose of this Agreement, the applicable laws are:

(a) As regards the Republic of the Marshall Islands, the laws governing the Social Security program, Title 49 of the Marshall Islands Revised Code,

(b) As regards the Federated States of Micronesia, the laws governing the Social Security program, Title 53 of the Code of the Federated States of Micronesia, and

(c) As regards the Republic of Palau, the laws governing the Social Security program, Title 41 of the Palau National Code Annotated,

2. This Agreement shall also apply to future laws amending or consolidating the laws specified in paragraph 1 of this Article.

3. This Agreement shall only apply to old-age retirement benefits and shall not apply to benefits payable to surviving spouses, children, or parents that may otherwise be payable upon death of a covered worker prior to retirement. It also does not apply to disability benefits that would otherwise be payable.
Article 3

This Agreement shall apply to any citizen of any contracting country who is or who has been subject to the laws of one or all of the contracting countries.

Article 4

A person who is described in Article 3 and who resides in another contracting country shall receive equal treatment with citizens of the other contracting country in the application of this Agreement by the other contracting country regarding entitlement to or payment of benefits.

PART II
APPLICABLE LAWS

Article 5

A person employed in one of the contracting countries shall, with respect to that employment, be subject to the laws regarding payment of social security tax of only that contracting country during employment in that contracting country and will only be responsible for payment of social security tax under the agency of which he is earning quarters of coverage.

PART III
BENEFIT PROVISIONS

Article 6

1. In order to have quarters of coverage earned in any contracting country in which a worker is not a citizen, combined with quarters of coverage earned in the contracting country in which the worker is a citizen, for purposes of determining entitlement to and the amount of old-age retirement benefits payable under the Agreement, an individual must have earned at least twelve (12) quarters of coverage in at least one contracting country that is a party to this Agreement.

2. As a rule, each agency will accept coverage information from agencies of other contracting countries, as certified by the agencies of the other contracting countries, unless otherwise specified by this Agreement. No credit will be given, however, for periods of coverage acquired before July 1, 1968.
3. In order to be entitled to a benefit under this Agreement, the worker or self-employed worker must be fully insured as defined in this agreement and have attained at least age 60. If the worker or self-employed worker does not qualify for a benefit determined under this Agreement he will be notified and may apply for any lump sum refunds that may be available to him from each agency under which he has earned quarters of coverage.

4. Where entitlement to a benefit under this Agreement has been established, the agency of the contracting country of which the worker or self-employed worker is a citizen shall compute a total monthly benefit for the worker or self-employed worker based on his total cumulative covered earnings and his total cumulative quarters of coverage. This total monthly benefit shall then be prorated between the agencies under which the worker or self-employed worker has been credited with quarters of coverage according the worker’s or self-employed worker’s cumulative covered earnings earned under each agency.

   (a) After such benefit calculations have been performed, they will be forwarded to the agencies of contracting countries of which the worker or self-employed worker is not a citizen.

   (b) Such other agencies will have thirty (30) days after submission of these calculations to review and either approve them or provide the agency that performed the calculations with the required corrections.

   (c) If the agency or agencies of the other contracting country or countries does not rebut the calculations within this 30-day period, the calculations shall be deemed to be accepted as correct by such agency or agencies.

   (d) If the calculations are rebutted within the thirty-day period and there is a dispute between the contracting countries, the contracting country shall have a total of 60 days after the original submission to consider and resolve the dispute. If the differences cannot be reconciled in this period, the parties may submit to the dispute resolution procedures set forth in Article 15 of this Agreement.

5. Once the benefit calculations have been accepted as correct by all contracting countries under which the worker or self-employed worker has earned quarters of coverage, the worker may apply to each agency for receipt of the pro rata share of the total benefit (the prorated monthly benefit) due from each agency and each agency shall be responsible for payment of its share of the prorated monthly benefit.
6. Benefits Calculated under this Agreement

(a) Amount of Total Monthly Benefit:

One benefit formula will apply to everyone who applies for an old-age retirement benefit under this Agreement. Under this formula the total monthly benefit subject to pro-ration shall be one-fifteenth (1/15) of (16.5% of first $10,000 of total cumulative covered earnings, plus 3.0% of the total cumulative covered earnings in excess of $10,000 but not in excess of $40,000, plus 2.0% of total cumulative covered earnings in excess of $40,000).

(b) Amount of Prorated Monthly Benefit:

The total monthly benefit as determined above will then be pro-rated between the agencies based on the cumulative covered earnings as reported by each agency. However in no event shall any agency pay a prorated monthly benefit that is less than $10.00.

7. Sample Benefit Calculation:

The following table shows the cumulative quarters of coverage earned and cumulative covered earnings as reported by each of the three Agencies for a worker who otherwise does not qualify for a benefit under any of the three Agencies:

<table>
<thead>
<tr>
<th>Agency</th>
<th>Cumulative Quarters of Coverage</th>
<th>Cumulative Covered Earnings</th>
<th>Cumulative Covered Earnings divided by Total Covered Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of The Marshall Islands 8</td>
<td>$35,000</td>
<td>17.5%</td>
<td></td>
</tr>
<tr>
<td>Federated States of Micronesia 10</td>
<td>65,000</td>
<td>32.5%</td>
<td></td>
</tr>
<tr>
<td>Republic of Palau 20</td>
<td>100,000</td>
<td>50.0%</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>38</td>
<td>$200,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Total Monthly Benefit:** 1/15 of ($10,000 x 16.5% + $30,000 x 3.0% + $160,000 x 2.0%) = $383.33.


Prorated Monthly Benefit to be Paid by Each Agency:

<table>
<thead>
<tr>
<th>Agency</th>
<th>Prorated Total Monthly Benefit to be Paid by each Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of The Marshall Islands</td>
<td>$ 383.33 x 17.5% = $ 67.08</td>
</tr>
<tr>
<td>Federated States of Micronesia</td>
<td>383.33 x 32.5% =  124.58</td>
</tr>
<tr>
<td>Republic of Palau</td>
<td>383.33 x 50.0% =  191.67</td>
</tr>
<tr>
<td>Total Monthly Benefit</td>
<td>$ 383.33</td>
</tr>
</tbody>
</table>

8. Entitlement to a benefit determined under this Agreement from any and all contracting countries shall terminate permanently should the person receiving a benefit under this Agreement earn any additional quarters of coverage under the agency of any contracting country subsequent to qualifying for and receiving a benefit under this Agreement. In this case the worker shall not be allowed to ever again apply for benefits determined under this Agreement. However should someone who has had his benefits under this Agreement terminated in accordance with this section then earn sufficient quarters of coverage under the agency of one or more of the contracting countries to qualify for a benefit, disregarding the provisions of this Agreement, he may then apply for a benefit from such agency or agencies.

PART IV
MISCELLANEOUS PROVISIONS

Article 7

The competent authorities of the contracting countries shall:

(a) Make all necessary administrative arrangements for the implementation of this Agreement;

(b) Communicate to each other information concerning the measures taken for the application of this Agreement; and

(c) Communicate to each other, as soon as possible, information concerning all changes in their respective laws which may affect the application of this Agreement.
Article 8

The competent authorities and the agencies of the contracting countries, within the scope of their respective authorities, shall assist each other in implementing this Agreement. This assistance shall be free of charge, subject to exceptions to be agreed upon in an administrative arrangement.

Article 9

1. Where the laws of a contracting country provide that any document which is submitted to the competent authority or agency of that contracting country shall be exempted, wholly or partly, from fees or charges, including consular and administrative fees, the exemption shall also apply to corresponding documents which are submitted to the competent authority or agency of the other contracting country in the application of this Agreement.

2. Documents and certificates which are presented for purposes of this Agreement shall be exempted from requirements for authentication by diplomatic or consular authorities.

3. Copies of documents which are certified as true and exact copies by the agency of one contracting country shall be accepted as true and exact copies by the agency of the other contracting country, without further certification. The agency of each contracting country shall be the final judge of the probative value of the evidence submitted to it from whatever source.

Article 10

The competent authorities and agencies of the contracting countries may correspond directly with each other and with any person wherever the person may reside whenever it is necessary for the administration of this Agreement.

Article 11

The provisions of Part III shall apply only to an application for benefits which is filed on or after the date this Agreement enters into force.
Article 12

1. A written appeal against a decision made under this agreement by the agency of one contracting country may be validly filed with the agency of any contracting country within sixty (60) days of such decision. The appeal shall be dealt with according to the procedure and laws of the contracting country whose decision is being appealed, and this agreement. If there is no written appeal within sixty (60) days of such decision, the decision shall be deemed to be final.

2. Any notice or written appeal which, under the laws of one contracting country, must have been filed within a prescribed period with the agency of that contracting country, but which is instead filed within the same period with the agency of the another contracting country, shall be considered to have been filed on time.

Article 13

In any case to which the provisions of Article 11 or Article 12 apply, the agency to which the claim, notice or written appeal has been submitted shall indicate the date of receipt on the document and transmit it without delay to the agency of the other contracting countries.

Article 14

Unless otherwise required by the national statutes of a contracting country, information about an individual which is transmitted in accordance with this Agreement to that contracting country by the other contracting countries shall be confidential and used exclusively for purposes of implementing this Agreement. Such information received by a contracting country shall be governed by the national statutes of that contracting country for the protection of privacy and confidentiality of personal data.

Article 15

Disagreements between the two or more contracting countries regarding the interpretation or application of this Agreement shall, as far as possible, be resolved through agreement of the competent authorities. If resolution cannot be arrived at by agreement of the competent authorities, such disagreement shall be resolved through binding arbitration under an arbitrator agreed upon by the competent authorities.

Article 16

This Agreement may be amended in the future by supplementary agreements, which, from their entry into force, shall be considered an integral part of this Agreement. Such agreements may be given retroactive effect, if they so specify.
PART V
TRANSITIONAL AND FINAL PROVISIONS

Article 17

This Agreement shall not establish any claim to payment of a benefit for any period before the date of the entry into force of the Agreement, or to a survivor and disability benefit of any type. This Agreement shall also not establish any claim to payment of a benefit prior to the date the application for such benefit has been filed with the proper agency of one of the contracting countries.

In determining the right to and the amount of benefits under this Agreement, periods of coverage and other events which occurred before the date of entry into force of this Agreement shall be taken into account, except that no contracting country shall take into account periods of coverage which occurred prior to the earliest date for which periods of coverage may be taken into account under its laws.

The application of this Agreement shall not result in any reduction in the amount of a benefit to which entitlement was established prior to its entry into force.

Article 18

Should any one contracting country terminate participation in this Agreement, the agreement shall remain in force but only apply to the remaining contracting countries.

This Agreement shall remain in force with respect to the terminating country until the expiration of one calendar year following the year in which the terminating country gives written notice of its termination to any other contracting countries.

After termination, the terminating country shall maintain any obligations regarding entitlement to or payment of benefits acquired during the time the country participated in the agreement. The contracting countries shall make arrangements dealing with rights in the process of being acquired at the time the terminating country terminates their participation.
Article 19

All terms and conditions of the Totalization Agreement are herein set out and no other conditions, promises, or representations have been made. This Agreement supersedes any other Agreements.

Article 20

This Agreement shall enter into force upon signature and ratification of all the Contracting Countries. Each Contracting Country shall provide all Contracting Countries with notice of signature and ratification of this Agreement immediately upon signature or ratification by their government.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement.

DONE in triplicate on July 24, 2005

FOR THE GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA

_____________________________________
President Joseph J. Urusemal

FOR THE GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS

_____________________________________
President Kessai H. Note

FOR THE GOVERNMENT OF THE REPUBLIC OF PALAU

_____________________________________
President Tommy E. Remengesau, Jr.