

NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
38TH CONSTITUTIONAL REGULAR SESSION, 2017



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

MARSHALL ISLANDS SOCIAL SECURITY
(AMENDMENT) ACT 2017

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OFFICE OF THE CLERK OF THE MARSHALL ISLANDS
NINTH CONSTITUTIONAL REGULAR SESSION 2017



Republic of the Marshall Islands
Rijipijel M̧̧oj̧̧

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(AMENDMENT) ACT 2017

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**NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
38TH CONSTITUTIONAL REGULAR SESSION, 2017**



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

**MARSHALL ISLANDS SOCIAL SECURITY
(AMENDMENT) ACT 2017**

AN ACT to amend Title 49, Chapter 1, of the Social Security Act of 1990.

BE IT ENACTED BY THE NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS

§101. Short title.

This Act may be cited as the Marshall Islands Social Security (Amendment) Act 2017.

§102. Amendments.

(1) Section 103 of the Social Security Act is amended as follows:

§103. Interpretation.

(h) "Child" for the purposes of this Act, means a person's natural, legally adopted, customarily adopted unless restricted by law, or step child; provided the worker's parental rights with respect to the child have not been terminated by law or custom.

(k) "Covered Earnings" means the worker's or self-employed worker's gross earnings during any quarter subject to a maximum of five thousand dollars (US \$5,000) prior to March 6, 2017 and thereafter for current contributors ten thousand dollars (US\$10,000), and is that amount of earnings upon which the worker, the worker's employer and the self-employed worker makes contributions to the

Administration pursuant to Sections 129 and 130 of this Chapter. The maximum of five thousand dollars (US \$5,000) prior to March 6, 2017 and thereafter for current contributors of ten thousand dollars (US\$10,000) may be increased by the Board pursuant to Section 147 of this Chapter.

- (0) "Deferred Retirement" means retirement when a worker or a self-employed worker elects to retire after meeting the requirements for normal retirement. A worker or self-employed worker must have attained or exceeded the age of sixty (60) years and one (1) month and be fully insured to be entitled to deferred retirement as set forth in Paragraph 136(1)(c) of this Chapter prior to March 6, 2017. Effective March 6, 2017, retirees who are on deferred retirement shall be grandfathered and this section shall no longer be applied.
- (q) "Early Retirement" means retirement when a worker or a self-employed worker elects to retire before meeting the requirements for normal retirement. A worker or self-employed worker must have attained the age of fifty-five (55) and must be service insured to be entitled to early retirement as set forth in Paragraph 136(1)(a) of this Chapter prior to March 6, 2017. Effective March 6, 2017 this section shall no longer be applied.
- (r) "Earnings" means compensation of any kind, including without limitation any salary, wage, bonus, tip, allowance or fee, paid by the employer to or on behalf of the worker in cash or in any other form, but not including:
 - (i) payments made by the employer as a result of an accident or sickness of the worker (other than sick leave);
 - (ii) reimbursement of medical or hospitalization expenses;
 - (iii) payments made to or on behalf of the worker or his beneficiary from a trust or annuity;
 - (iv) reasonable stipends paid to volunteers of religious organizations, NGOs; and schools;
 - (v) reasonable sitting fees for board members and elected officials;

- (vi) earnings exempted by virtue of any international agreement to which the Republic of the Marshall Islands is a party;
- (vii) reasonable per diem and travel allowances to the extent that they do not exceed any comparable Government rates;
- (viii) rental housing allowance paid to an employee, not exceeding Two Thousand Two Hundred and Fifty (\$2,250) per quarter provided it does not exceed three times the wages;
- (ix) any payment in the form of scholarship, fellowship or stipend made to any employee while he is a full-time, bona fide student at an educational institution;
- (x) earnings received by a minister of the gospel, or clergyman from a religious group or organization;
- (xi) earnings received by an employee for services performed or rendered in the capacity of a domestic or household employee for a private individual or family;
- (xii) reasonable session allowances for elected officials;
- (xiii) payments made in cash, or any form other than cash, for casual labor not exceeding one week in any month of a quarter if the work is not performed in the course of the employer's trade or business. For purposes of this Chapter, earnings shall be computed to the nearest cent;
- (xiv) payment to account of sickness or accident disability, or any payment of medical or hospitalization expenses, made by the employer, provided however, that normal wages or salaries paid to an employee for a period of time during which he is excused from work because of sickness shall not be excluded from wages and salaries under this paragraph; and
- (xv) any payment made to or on behalf of an employee or to his beneficiary from a trust or annuity including distributions from qualified pension or deferred compensation plan trusts and annuities that are funded in whole or part by taxable wages.

(ee) "Normal Retirement" means retirement when a worker or self-employed worker is fully insured and attains the age as set forth in paragraph 136(1)(b)(c) of this Chapter and attains the age of sixty (60) years prior to March 6, 2017 and is fully insured as set forth in Paragraph 136(1)(b) of this Chapter.

(2) Section 129 of the Social Security Act is amended as follows:

§129. Worker's contributions.

(1) A worker or a self-employed worker shall contribute to the Administration an amount equal to the following percentage of such worker's covered earnings:

- (a) from the effective date of this Act up to June 30, 1995 - 5%;
- (b) from July 1, 1995 up to June 30, 2000, 6%. The one percent (1%) increase shall be transferred to the Social Security Health Fund;
- (c) from July 1, 2000, up to March 6, 2017 - 7%; and
- (d) from March 6, 2017, and thereafter - 8%.

(3) Section 130 of the Social Security Act is amended as follows:

§130. Employer's contributions.

Every employer and self-employed worker shall contribute to the Fund, out of his own funds, an amount equal to the following percentages of his worker's covered earnings:

- (a) from the effective date of this Act up to June 30, 1995 - 5%;
- (b) from July 1, 1995 up to June 30, 2000, 6%. The one percent (1%) increase shall be transferred to the Social Security Health Fund;
- (c) from July 1, 2000, up to March 6, 2017 - 7%.; and
- (d) from March 6, 2017, and thereafter - 8%.

(4) Section 134 of the Social Security Act is amended as follows:

§134. Basic benefit formula.

§134. Basic benefit formula.

(1) With respect to a worker or a self-employed worker, "basic benefit" means one twelfth (1/12) of the sum of the pension element and the social element calculated as follows:

- (a) pension element: two percent (2%) of indexed covered earnings, plus
- (b) social element: fourteen and five tenths percent (14.5%) of the first eleven thousand dollars (\$11,000) of cumulative covered earnings, plus seven-tenths percent (0.7%) of cumulative covered earnings in excess of eleven thousand dollars (\$11,000) but not in excess of forty-four thousand dollars (\$44,000). The \$11,000 and \$44,000 bend points may be increased from time to time by wage index adjustments granted by the Board pursuant to Section 147 of this Chapter;
- (c) Notwithstanding subsections (1)(a) and (1)(b) however effective March 6, 2017:
 - (i) all monthly benefits greater than two hundred ninety nine dollars and ninety nine cents (\$299.99) but less than four hundred dollars (\$400) shall be reduced by 5% but not less than three hundred dollars (\$300);
 - (ii) all monthly benefits greater than three hundred ninety nine dollars and ninety nine cents (\$399.99) but less than five hundred (\$500) shall be reduced by 6% but not less than three hundred eighty dollars (\$380);
 - (iii) all monthly benefits greater than four hundred ninety nine dollars and ninety nine cents (\$499.99) but less than six hundred (\$600) shall be reduced by 7% but not less than four hundred seventy dollars (\$470);
 - (iv) all monthly benefits greater than five hundred ninety nine dollars and ninety nine cents (\$599.99) but less than seven hundred (\$700) shall be reduced by 8% but not less than five hundred fifty eight dollars (\$558);

- (v) all monthly benefits greater than six hundred ninety nine dollars and ninety nine cents (\$699.99) but less than eight hundred dollars (\$800) shall be reduced by 9% but not less than six hundred forty four dollars (\$644);
- (vi) all monthly benefits greater than seven hundred ninety nine dollars and ninety nine cents (\$799.99) but less than nine hundred dollars (\$900) shall be reduced by 10% but not less than seven hundred twenty eight dollars (\$728);
- (vii) all monthly benefits greater than eight hundred ninety nine dollars and ninety nine cents (\$899.99) but less than one thousand (\$1000) shall be reduced by 10% but not less than eight hundred ten dollars (\$810);
- (viii) all monthly benefits greater than nine hundred ninety nine dollars and ninety nine cents (\$999.99) but less than one thousand one hundred (\$1,100) shall be reduced by 10% but not less than nine hundred dollars (\$900);
- (ix) all monthly benefits greater than one thousand ninety nine dollars and ninety nine cents (\$1,099.99) but less than one thousand two hundred (\$1200) shall be reduced by 10% but not less than nine hundred ninety dollars (\$990);
- (x) all monthly benefits greater than one thousand one hundred ninety nine dollars and ninety nine cents (\$1,199.99) but less than one thousand three hundred (\$1,300) shall be reduced by 10% but not less than one thousand eighty dollars (\$1,080);
- (xi) all monthly benefits greater than one thousand two hundred ninety nine dollars and ninety nine cents (\$1,299.99) but less than one thousand four hundred (\$1,400) shall be reduced by 10% but not less than one thousand one hundred seventy dollars (\$1,170);

- (xii) all monthly benefits greater than one thousand three hundred ninety nine dollars and ninety nine cents (\$1,399.99) but less than one thousand ~~six~~ five hundred (\$1,500) shall be reduced by 10% but not less than one thousand two hundred sixty dollars (\$1,260);
- (xiii) all monthly benefits greater than one thousand four hundred ninety nine dollars and ninety nine cents (\$1,499.99) but less than one thousand six hundred (\$1,600) shall be reduced by 10% but not less than one thousand three hundred fifty dollars (\$1,350);
- (xiv) all monthly benefits greater than one thousand five hundred ninety nine dollars and ninety nine cents (\$1,599.99) but not less than one thousand seven hundred dollars (\$1,700) shall be reduced by 10% but not less than one thousand four hundred forty dollars (\$1,440) per month;
- (xv) The maximum monthly benefit for the current retiree shall be one thousand six hundred dollars (US\$1,600) and the maximum monthly benefit for the new retirees starting March 6, 2017 shall be one thousand two hundred dollars (US\$1,200).

(5) Section 136 of the Social Security Act is amended as follows:

§ 136. Old age insurance benefits.

(1) Entitlement to Old Age Insurance Benefits.

- (a) A service insured worker or self-employed worker, on or after his attainment of fifty-five (55) prior to March 6, 2017, and after filing an application, shall be entitled to an early retirement, old age insurance benefit payable every month, beginning with the month those conditions were satisfied and ending with the month preceding the month of death. Effective March 6, 2017, this provision shall no longer apply, and those who

received early retirement benefits prior to this date will be grandfathered.

(b) A fully insured worker or self-employed worker, upon his attainment of:

- (i) age sixty (60) prior to March 6, 2017;
- (ii) age sixty one (61) by March 6, 2017;
- (iii) age sixty two (62) by January 1, 2019;
- (iv) age sixty three (63) by January 1, 2021;
- (v) age sixty four (64) by January 1, 2023;
- (vi) age sixty five (65) by January 1, 2025,

and after filing an application, shall be entitled to a normal retirement, old age insurance benefit payable every month beginning, and ending with the month preceding the month of death; provided, the worker or self-employed worker has not applied for and received early retirement prior to March 6, 2017, old age insurance benefits.

(c) A fully insured worker or self-employed worker, on or after his attainment of sixty (60) years prior to March 6, 2017, and one (1) month of age, and after filing an application, shall be entitled to deferred retirement, old insurance benefit, payable every month beginning with the month those conditions were satisfied and ending with the month preceding the month of death; provided, the worker or self-employed worker has not applied for and received early retirement old age insurance benefits or normal retirement old age insurance benefits. However, effective March 6 April 1, 2017, this provision shall no longer apply, and all those who received deferred retirement benefits prior to this March 6 April 1, 2017 will be grandfathered.

(2) Subject to section 144 of the Social Security Act, the amount of old age insurance benefits shall be as set forth in this Subsection.

(a) The monthly amount of the early retirement old age insurance benefit shall be the basic benefit reduced by one-half (1/2) percent for each complete month that the date of early retirement precedes the date the worker or self-employed worker attains the age of sixty (60) years prior to March 6,

2017, but not less than the minimum benefit. Effective March 6, 2017, all those who received early retirement benefits prior to this date will be grandfathered.

- (b) The monthly amount of the normal retirement, old age insurance benefit shall be the basic benefit, but not less than the minimum benefit.
- (c) The monthly amount of the deferred retirement, old age insurance benefit shall be the basic benefit increased by one-half (1/2) percent for each complete month that the date of deferred retirement follows the date the worker or the self-employed worker attains the age of sixty (60) years prior to March 6, 2017, but not less than the minimum benefit. Effective March 6 April 1, 2017, this provision shall no longer apply.

- (6) Section 139 of the Social Security Act is amended as follows:

§139. The surviving child's insurance benefit.

- (4) For purposes of this Section, a child shall be deemed to be or have been, dependent upon a worker or self-employed worker if the worker or self-employed worker provided regular and substantial support to or on behalf of the child when the worker was less than 50 years of age after March 6, 2017.
- (5) A natural or legally adopted child is presumed to be dependent upon the worker parent, absent evidence to the contrary.
- (6) Unless restricted by law, a customarily adopted child, or a stepchild, is dependent upon the worker or self-employed worker only if:
 - (a) at the time of the worker's death the child had lived in the worker's home continuously for few years;
 - (b) during those times the customarily adopting parent or step-parent was contributing at least one-half of the child's support;
 - (c) during those times a parent and child relationship existed between the adopting parent or step parent and the child exclusively of the natural parents.

(7) Section 144 of the Social Security Act is amended as follows:

§ 144. The earnings test.

Where any provision herein provides that a benefit is subject to the covered earnings, a worker or a self-employed worker who is in receipt of that benefit and at the same time is in covered employment, shall have his quarterly benefit reduced by one dollar (\$1.00) for every three dollars (\$3.00) earned during that quarter in excess of fifteen hundred dollars (\$1,500). The reduction shall be made as soon as practicable after the quarter in which the earnings were earned. Effective March 6, 2017, the current workers whose covered earnings five thousand (\$5,000) shall be grandfathered, after March 6, 2017 the new retirees shall be ten thousand (\$10,000) covered earnings. Notwithstanding the foregoing, the earnings test is not applicable in the quarter in which the worker or the self-employed worker who is receiving the benefit attains sixty-two (62) years of age or in any subsequent quarter thereafter, prior to March 6, 2017, and sixty-five (65) years of age thereafter, or in any subsequent quarter thereafter.

§103. Effective Date

This Act shall take effect on the date of certification in accordance with Article IV of the Constitution and the Rules and Procedures of the Nitijela.

CERTIFICATE

I hereby certify:

1. That Nitijela Bill No: 75ND2 was passed by the Nitijela of the Republic of the Marshall Islands on the 28th day of February 2017; and
2. That I am satisfied that Nitijela Bill No: 75ND2 was passed in accordance with the relevant provisions of the Constitution of the Republic of the Marshall Islands and the Rules of Procedures of the Nitijela.

I hereby place my signature before the Clerk this 9th day of March 2017.



Hon. Kenneth A. Kedi
Speaker
Nitijela of the Marshall Islands

Attest:



Morean Watak
Clerk
Nitijela of the Marshall Islands