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MISSA's mid-fiscal-year collections up by 22%

Retirement Fund collections reached a record high of $6.35 million or 22% higher than the $5.24 million collected in the same period last fiscal year.

MISSA's unaudited financial report for the first half of FY 2007 showed that collections reached a record high of $6.35 million, reflecting a $1.1 million or 22% increase from the $5.24 million collected in the same period last fiscal year.

The collections also include $0.39 million and $0.36 million from promissory notes and court judgments in FYs 2007 and 2006, respectively.

The main revenue drivers this fiscal year were the consistent bi-weekly payments of the RMI government, vigorous collection and audit efforts by Tax Compliance Officers and Auditors, and court judgments against certain government agencies .

Employers are now making early payments to avoid the heavy turnout of taxpayers overcrowding at MISSA during the last day of the quarterly deadline.

Total payments for retirement, disability, survivor and lump-sum benefits increased to $5.62 million (or just 2.7%) from October 2006 through March 2007, compared with $5.46 million paid in the same period last fiscal year.

The favorable balance between collections and benefit payments was the result of compliance by certain delinquent government agencies to court orders, coupled with the Administration's efforts to reduce benefit payments through a comprehensive and systematic review process which was conducted successfully in four stages **(see P5).**

MISSA's net assets reached $66.95 million as of March 31, 2007, reflecting a 9.4% increase from $61.18 million as of the end of FY 2006.

The increase in net assets was attributed to the very strong performance of MISSA investments which generated a gain of $5.39 million in the first half of FY 2007.

MISSA investments now stand at $62.77 million, including $10.82 million worth of stocks and TCDs at the Bank of the Marshall Islands and its subsidiary, MISC.

The steady collections and controlled benefit payments have also resulted to a positive cash flow for the Administration. It is estimated that at the end of May, MISSA will have a cash surplus of at least $300,000 that may be used as additional investment.

The collective efforts of MISSA management and its Legal Counsel played a significant role in this remarkable turnaround, as the Administration was expecting a serious cash problem before the close of the fiscal year.

Despite this development, the Administration remains determined to continue its very simple strategy to stay financially healthy: increase revenues and control benefit payments and operating expenses.

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Our Mission:

"to uplift the personal and economic well-being of the people of the Marshall Islands by providing them with long-term financial security in their retirement age or during disability".

What to know about retirement benefits

Q: What are the types of retirement benefits:

A: There are three types of retirement benefits:

(1) Early Retirement
(2) Normal Retirement
(3) Deferred Retirement

To be entitled to early retirement benefits, the claimant must be: (1) service insured; (2) have attained the age of 55; and (3) have filed an application.

To be entitled to normal retirement benefits, the claimant must be: (1) fully insured; (2) have attained the age of 60; (3) have filed an application; and (4) have not applied for and received early retirement benefits.

To be entitled to deferred retirement benefits, the claimant must be: (1) fully insured; (2) have attained the age of 60 and one month; (3) have filed an application; and (4)have not applied for and received early retirement benefits or normal retirement benefits.

"Service insured" means a worker or a self-employed worker has earned at least eighty (80) quarters of coverage.

"Fully insured" means a worker or self-employed worker has earned at least one quarter of coverage for each year beginning with the later of June 30, 1968, or the year in which the worker or self-employed worker attains the age of twenty-one (21) years and ending with the year before the year of death, attaining retirement age, or the year of becoming disabled, whichever first occurs; provided, however, that a worker or self-employed worker who dies, attains retirement age, or becomes disabled prior to October 1, 1983, must have no less than eight (8) quarters of coverage and a worker or self-employed worker who dies, attains retirement age, or becomes disabled after September 30, 1983, must have no less than twelve (12) quarters of coverage; provided, further, that the maximum number of quarters of coverage required shall be no more than thirty eight (38) quarters.

Q: What are the advantages and disadvantages of early and deferred retirement?

A: Early retirement - A worker who is eligible to receive early retirement benefits may start receiving it at 55 years of age, as long as his or her contributions totaled 80 quarters. However, his or her monthly benefit will be deducted by 6% for each year (or 0.5% for each month) he or she retires before 60.

Deferred retirement - A worker who is eligible to receive deferred retirement benefits may start receiving it only upon reaching 60 years and 1 month. However, his or her monthly benefit will be increased by 6% for each year (or 0.5% for each month) he or she retires after 60.

For example: A worker who is supposed to receive $300 a month when he retires at 60 years of age (normal retirement) opted to file for early retirement upon reaching 57 years of age and earning 80 quarters of coverage. As an early retiree, he will only receive $246 per month ($300 less 18%). However, if the same worker retires at 64 years of age, he will receive $372 per month ($300 plus 24%).

Q: What are the required number of quarters of coverage to be eligible to apply for normal retirement?

A: To be eligible for normal retirement, a worker must have the following required number of quarters of coverage according to his/her date of birth (DOB) and have reached his/her 60th birthday:

If DOB is prior to	Required Quarters	Year prior to attaining age 60
July 1, 1917	08	1977
July 1, 1918	09	1978
July 1, 1919	10	1979
July 1, 1920	11	1980
July 1, 1921	12	1981
July 1, 1922	13	1982
July 1, 1923	14	1983
July 1, 1924	15	1984
July 1, 1925	16	1985
July 1, 1926	17	1986
July 1 , 1927	18	1987
July 1, 1928	19	1988
July 1, 1929	20	1989
July 1, 1930	21	1990
July 1, 1931	22	1991
July 1, 1932	23	1992
July 1, 1933	24	1993
July 1, 1934	25	1994
July 1, 1935	26	1995
July 1, 1936	27	1996
July 1, 1937	28	1997
July 1, 1938	29	1998
July 1, 1939	30	1999
July 1, 1940	31	2000
July 1, 1941	32	2001

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FSM amends Social Security Act

New provisions resulted to more restrictions on eligibility requirements, reduced benefit levels and increased workers' contributions.

On November 23, 2006, the FSM legislature has enacted Public Law no. 14-86 aimed to introduce provisions that would help combat FSM Social Security Administration's unfunded liabilities.

This action is exactly the opposite of what MISSA has been facing in the past several years: proposed legislations that have been strongly opposed by the Administration, as all of these bills would increase MISSA's unfunded liabilities estimated at around $160 million.

Unfunded liabilities are the balance of future liabilities for both existing beneficiaries and future benefits for the current workforce after deducting the system's total assets.

The new law changed certain definitions, benefit levels and conditions in which expatriate workers may access their contributions, and allowed voluntary participation in the social security system.

Currently insured redefined: Previously, one needed 8 quarters out of the 13-quarter period ending with the quarter in which the wage earner retires, dies or becomes disabled. With the new law, an individual must have at least 20 quarters in the 25-quarter period ending with the same aforementioned events.

**In the RMI Social Security Act, the wage earner must have earned at least 6 quarters of coverage during the most recent 40 quarters in which the wage earner retires, dies or becomes disabled, whichever first occurs. To be eligible to disability benefits, a claimant must be "fully insured" and "currently insured" (currently insured means at least 80 quarters of coverage) and must be or have been unable to engage in the continued performance of his duties by reason of any medically determinable physical or mental impairment.*

Fully insured redefined: Previously, the wage earner must only have at least one quarter of coverage for each year after June 30, 1968 or after attaining age 21, whichever is later.

The new law now requires an individual to have at least $2,500 in contributions to qualify for normal retirement benefits at age 60 and at least $1,500 to qualify for disability benefits. These provisions will apply only to workers who reach retirement, die or become disabled after December 31, 2006. This means that those who were born after June 30, 1947 will need to have at least 38 quarters of contributions, be at age 60 and contributed at least $2,500 to be able to go on normal retirement, or at least $1,500 if applying for disability benefits. If the $2,500 and $1,500 minimum contributions for retirement and disability benefits, respectively, are not met upon application, the claimant may be allowed to pay the difference in a one-time payment to become eligible.

The FSM Social Security Administration has been a long-time partner of MISSA since the Trust Territory period. This photo was taken during the 3rd SS Administrators' Conference (RMI, FSM and Palau) held in Pohnpei in July 2006 and hosted by FSMSSA.

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Retirement benefits

(Continued from page 2)

July 1, 1942	33	2002
July 1, 1943	34	2003
July 1, 1944	35	2004
July 1, 1945	36	2005
July 1, 1946	37	2006
July 1, 1947	38	2007

*Those who were born prior to July 1, 1947 will need to have at least 38 quarters and be at age 60 to be able to go on normal retirement in 2007.

Q: Can a worker whose contributions were deducted from his or her bi-weekly pay by the employer but were not remitted to MISSA receive retirement benefits?

A: No. Retirement benefits of workers are based on actual contributions remitted to MISSA by their employers.

Q: How are retirement benefits computed?

A: Retirement benefits are computed on the basic benefit, which is one-twelfth (1/12) of the sum of the pension element and the social element, where the pension element is two percent (2%) of the indexed covered earnings (ICE) and the social element is fourteen and one-half percent (14.5%) of the first $11,000 of cumulative covered earnings plus seven-tenths percent (0.7%) of cumulative covered earnings in excess of $11,000, but not in excess of $44,000, subject to the following conditions:

- The monthly amount of the early retirement benefit is the basic benefit reduced by one-half percent (0.5%) of each complete month that the early retirement precedes the date that the claimant will attain the age of 60, but not less than $128.99;
- The monthly amount of the normal retirement benefit is the basic benefit, but not les than $128.99; and
- The monthly amount of the deferred retirement benefit is the basic benefit, increased by one-half percent (0.5%) of each complete month that the deferred retirement follows the date the Claimant will attain the age of 60, but not less than $128.99.

Real life illustration of Costs (taxes) vs benefits:

Early Retirement

Employer: TT & RMI Governments
Employment period: 1968 to 2004
Retirement age and year of retirement: 55; 2004
Indexed Covered Earnings: $398,993
Basic Monthly Benefit: $817.16
Monthly Benefit: $641
Lifetime Contributions: $16,000 in lifetime SS taxes
No. of months/years for benefits to equal contributions: 2 years

Normal Retirement

Employer: TT & RMI Governments
Employment period: 1968 to 1987
Retirement age and year of retirement: 60; 1987
Indexed Covered Earnings: $116,129
Basic Monthly Benefit: $345
Monthly Benefit: $345
Lifetime Contributions: $1,077 in lifetime SS taxes
No. of months/years for benefits to equal contributions: 4 months

Deferred Retirement

Employer: TT & RMI Governments
Employment period: 1968 to 1997
Retirement age and year of retirement: 67; 1992
Indexed Covered Earnings: $290,732.23
Basic Monthly Benefit: $636
Monthly Benefit: $885
Lifetime Contributions: $7,882 in lifetime SS taxes
No. of months/years for benefits to equal contributions: 9 months

Basic benefit calculation (Early Retirement)

Indexed covered earnings.... $398,993 x 2.0% =	$7,979.87
Cumulative covered earnings... 11,000 x 14.5% =	1,595.00
Cumulative covered earnings....33,000 x 0.70% =	231.00
Total annual basic benefit.....	**9,805.87**
Total monthly basic benefit.....	**817.16**

Q: *Can a non-Marshallese continue to receive benefits even if he or she has left permanently the Marshall islands?*

A:Unless modified by a totalization or bilateral agreement, no more than six (6) months of benefit payments shall be paid to any beneficiary who is not a citizen of RMI, FSM, Palau and the US while the beneficiary has been outside of RMI.

Q: Can a non-Marshallese who is not yet eligible to receive retirement benefits entitled to a refund of his or her contributions upon final departure from RMI?

A: No. A refund is given only to a worker who contrib-

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MISSA's future economic outlook

MISSA's efforts to bridge the widening gap between the continual rise in benefit payments and the leveling off of collections have been the focal point of the Administration's plans of action in the past year.

As collections have remained virtually unchanged in the last two years at just under $12 million, the steady increases in benefits over the years have caused great concern over the Retirement Fund's ability to pay benefits in the coming years. This has forced the Administration to focus on two very fundamental but highly critical areas in FY 2006:

1. Revenue generation through:
   * increasing taxes;
   * increasing taxable wage ceilings; and
   * implementing employer payroll audits
2. Indirect and direct reduction of benefit payments through:
   * comprehensive verification of living beneficiaries;
   * medical re-examination of disabled retirees;
   * screening of continued eligibility for dependent children and non-citizens; and
   * full implementation of the Earnings Test provision of the Social Security Act.

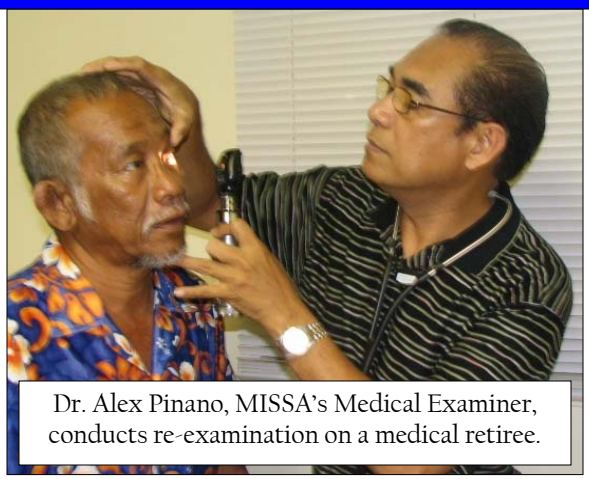
MISSA was for the most part successful in implementing all of the above actions, except for increasing taxes and increasing taxable wage ceilings as they were met with unfavorable responses from certain local employers and the general public.

The methodical and aggressive audit of employers has resulted to hundreds of thousands of additional tax dollars for MISSA in FY 2006. Although the audits proved successful, they were not enough and MISSA coupled its efforts with plans to reduce benefit payments through a comprehensive and systematic review process which was conducted successfully in four stages. The positive outcomes of the these processes are evident in the slowing down of the benefit growth rate in FY 2006 as compared to previous years (2% in FY 2006 versus 6 to 8% in previous years).

"The methodical and aggressive audit of employers has resulted to hundreds of thousands of additional tax dollars for MISSA in FY 2006. "

Tax Audit Team

"The steady increases in benefits over the years have caused great concern over the Retirement Fund's ability to pay benefits in the coming years. "



Dr. Alex Pinano, MISSA's Medical Examiner, conducts re-examination on a medical retiree.

In the first six months of FY 2007, MISSA has collected $6.35 million while total benefit payments amounted to $5.62 million. This resulted to a positive balance between revenues and benefit payments, and has left enough surplus to finance MISSA's administrative expenses, budgeted at $0.948 million for FY 2007.

The timely and consistent remittance of taxes from MISSA's major contributors, which include the RMI Government, USAKA, and other large-scale agencies and private businesses have brought a sense of relief as MISSA was able to make its benefit payments in FY 2006.

However, an increasing number of government

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MISSA gets additional funding for Prior Service Trust Fund

The $95,679 received this month will enable MISSA to continue paying beneficiaries until September this year. Fund was depleted to $5,148 in January.

The Administration is very optimistic that the 250 Marshallese currently receiving monthly checks from the Prior Service Trust Fund will continue receiving their benefits which have been temporarily put on hold since January, as only $5,148 was left from the fund as of January 31, 2007.

The timely receipt of $95,679 sent this month by the PSTF Head Office in Saipan enabled MISSA to continue paying its PSTF beneficiaries.

The PSTF is a U.S. funded program that provides benefits to Micronesians with five or more years of service with the Naval Administration or Trust Territory Government prior to 1968.

The program is controlled by a Trust Agreement entered into by the U.S. Department of Interior and the four other former trust territory governments comprised of the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands.

The Trust Agreement by and between the U.S. Secretary of Interior and the Prior Service Trust Fund Board and approved by the four Micronesian governments became effective on September 28, 1987. The program's top objective was to secure an appropriation of approximately $25 million which is capable of satisfying all future benefit payments, administrative costs and reasonable costs of living adjustments.

On the same year, the U.S. Congress released $8 million (total request was for $15 million) for initial capitalization of the PSTF that generated over $9.6 million in investment income to pay benefits and operating costs.

On September 2004, the Office of Insular Affairs approved a grant of $1.6 million which was used by PSTF to bring the beneficiary payments up to date. It was the third major appropriation in the past three years and represents one of the largest single amount ever released. To-date, more than $17 million in benefits have been paid.

A decision was made to decentralize the fund starting October 1, 2005, which caused the administration of the fund to be transferred to the Social Security System of each of the four former members of the Trust Territory. However, the decentralization was delayed until April 2006 and subsequently, MISSA received $105,409 as share from the leftover fund of the PSTF. Another $10,000 was given to MISSA on February 2007.

Currently, MISSA needs at least $12,000 a month for PSTF beneficiaries and without additional funding from the U.S. Government, the Administration can no longer continue paying its 250 Marshallese recipients once the fund is used up at the end of this fiscal year.

Jerold Facey, PSTF Administrator (2nd from left), hands over to Saane K. Aho, MISSA Administrator, the PSTF leftover fund for Marshallese beneficiaries.

Future economic outlook

(Continued from page 5)

agencies and private businesses are falling behind on their tax remittances, a trend which seems all the more prevalent and alarming at the end of FY 2006. A continuation of this trend in the coming year would require MISSA to take on more drastic measures to ensure that a reasonable balance between revenues and expenditures is maintained.

The reopening of the Tuna Loining Plant in Majuro late this year is expected to boost MISSA collections which was significantly reduced when more than 600 local employees were laid off as a result of the closure of PM & O in late 2004.

A number of Compact-funded projects in the outer-islands and the ongoing construction of the Convention Center in Majuro have also generated additional employment opportunities which will ultimately translate to additional social security contributions.

FY 2006 Audit: NO AUDIT FINDINGS once again, the 5th in a row

MISSA has once again shown its resolve to remain accountable and transparent to the people of the Marshall Islands, and remain one of the government's top performers in recent years.

In their FY 2006 audit report, Deloitte & Touche, MISSA's external auditor, had given the Administration, another clean bill of health by issuing an "unqualified opinion" on MISSA's financial statements.

This simply means that MISSA's books and financial records were found by the auditors to be free from material misstatements, after substantive tests were performed on the Administration's compliance with certain provisions of the laws, regulations, contracts and agreements.

The auditors' accompanying report on internal control over financial reporting and compliance also stated that they noted no material weaknesses in internal control, the fifth in a row since FY 2002.

During the exit conference, Deloitte & Touche praised and commended MISSA's management and Board of Directors for keeping their books in order.

MISSA was also credited for being one of the first three government agencies to have completed the audit requirements for FY 2006 which resulted to the early completion of the auditors' field work before the end of November 2006.

Guidelines on the issuance of Social Security number & ID card

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Internal affairs; or
* Original passport; or
* Original ID card issued by the Ministry of Internal Affairs; or
* Valid driver's license; or
* Vaccination card issued by the Ministry of Health

If applicant is a naturalized Marshallese:
* Original Marshallese passport; or
* Naturalization certificate from the AG's Office; or
* Identification card for Marshallese citizens issued by the Department of Internal Affairs

If applicant is a U.S., Palauan or FSM citizen:
* Birth certificate; or
* Valid passport (original)

If applicant is a non- Marshallese, U.S., Palauan or FSM citizen:
* Original valid passport; and
* Valid entry permit from the Immigration Office; and
* Valid alien registration certificate from the Immigration Office; and
* Valid working permit from the Labor Office (except government employees); and
* Valid employment contract if applicant is an employee

Note 1: *RMI government employees are exempted from the work permit required by the Labor Office.*

Note 2: *For foreign students, proof of school attendance is required, aside from the above documents.*

Note 3: *If applicant claims to be a half-Marshallese or related to a Marshallese, his or her citizenship shall be based on what passport he or she carries.*

Note 4: *If applicant claims that his or her work permit, entry permit and alien registration are not yet available (still being processed), no social security number shall be issued unless there is a written confirmation from the Labor and Immigration Offices.*

If applicant is a volunteer (i.e. Worldteach Teacher, JOCV volunteer):
* Original passport; or
* Any proof of being a volunteer

If applicant is a missionary and non-Marshallese, U.S., Palauan or FSM citizen:
* Valid original passport; and
* Certification from the sponsor; and
* Valid entry permit from the Immigration Office; and
* Valid alien registration certificate from the Immigration Office

If applicant is from the diplomatic corps:
* Valid original passport; and
* Marshallese diplomatic visa or Embassy certificate

- No social security number shall be issued to dependents of non-resident workers who are not legally authorized to work in the Marshall Islands.
- Dependents of non-resident workers who are students enrolled in Marshallese schools may be given social security numbers, but have to present proof of enrollment.

Top 25 employers make up 80% of MISSA collections

The RMI Government has consistently topped the list of highest contributors to the Marshall Islands Social Security Retirement and Health Funds with fiscal year-to-date payments of $3.1 million. During the same period last fiscal year, MISSA received $1.6 million only. This was brought about by the RMI Government's cash flow crisis last year that resulted to its delayed payments to MISSA of about $1.2 million covering six bi-weekly payroll periods during the early part of 2006.

As of March 31, 2007, there were about 2,400 RMI Government employees with aggregate annual gross taxable wages of $29.2 million. Their average annual retirement fund contributions of $4.1 million annually make up about 36% of MISSA's total annual retirement fund collections of $11.4 million, not to mention the $1.97 million they also contribute annually for the Health Fund.

Coming second and fifth in the list are the two main employers in Kwajalein: Chugach Development Corporation and Kwajalein Range Services, respectively, with combined contributions of $1.34 million. These two companies employ more than 1,000 Marshallese who are mostly residents of Ebeye.

Currently, it is estimated that there are about 750 employers in operation in the Marshall Islands comprised of the RMI national and local governments, government agencies and joint ventures, private businesses and non-government organizations.

Despite MISSA's increased collection efforts, it is estimated that only about 60% of the 750 employers have consistently filed and paid their contributions.

On top of the list of delinquent employers are several local governments and government agencies that were brought to and ordered by the court to pay the Administration but to no avail. MISSA continues to seek legal remedies against these delinquent employers

The ongoing aggressive payroll audit being conducted by MISSA Tax Auditors has resulted to the discovery of more than $0.750 million of unreported contributions by 25 employers. To-date, 15 of these employers have already paid $0.365 million.

A number of delinquency cases referred to MISSA's Legal Counsel which were brought to court and subsequently judged in MISSA's favor has also generated additional collections amounting to several hundreds of thousands of dollars.

Comparative collections for the first half of FYs 2007 and 2006
(inclusive of Health Fund contributions, payment of promissory notes and court judgments)

		2007	2006
1	RMI Government	$3,067,566	$1,634,215
2	Chugach Dev. Corp. (Kwajalein)	1,119,223	1,092,932
3	Kili/Bikini/Ejit Council	308,983	410,355
4	Air Marshall Islands, Inc.	237,668	10,000
5	Kwajalein Range Services, LLC	220,498	468,313
6	Pacific International, Inc.	216,641	213,937
7	Marshalls Energy Company	186,599	189,419
8	Bank of the Marshall Islands	159,895	145,431
9	MalGov	157,951	131,231
10	Robert Reimers Enterprises	152,994	344,983
11	National Telecom Authority	151,775	153,635
12	College of the Marshall Islands	131,207	470,033
13	Majuro Water & Sewer Co.	119,380	112,909
14	EZ Price Mart (aka Pacific Blue Star)	88,236	37,220
15	Pacific Marshall, Inc. (aka Payless)	86,435	74,155
16	MIMRA	83,624	75,484
17	RMI Ports Authority	80,062	74,623
18	Alutiq Security (Kwajalein)	77,114	17,291
19	MIDB	73,437	33,121
20	San Juan Construction, Inc.	72,183	68,113
21	RalGov	68,309	66,450
22	Triple J Marshalls, Inc. (EBeye)	63,078	47,724
23	Alele, Inc.	58,335	3,000
24	International Bridge Corp.	56,369	20,695
25	Marshall islands Resort, Inc.	56,105	83,022
	Sub-total	7,093,667	5,978,291
	Others	1,856,623	1,746,654
	Total collections	$8,950,290	$7,724,945

MISSA appoints Bill Joseph as Deputy Administrator (for Retirement & Operations)

The Administration has promoted Bill Joseph to the post of Deputy Administrator for Retirement and Operations, a position that was left vacant since MISSA's former Deputy, Lillian Andrew, retired early this year.

Bill's superiors consider him as the ideal candidate for the said post as he rose from the ranks, starting as Compliance Data Technician in 2001. After more than a year, he was promoted to Deputy Tax Examiner. This gave him a good starting point in getting familiar with MISSA's tax regulations and benefit programs.

In 2005, Bill was given the post of Tax Compliance Manager and subsequently, spearheaded several action plans in his department that resulted to more systematic and organized systems and procedures, and much improved tax collection strategies.

Bill's role as Deputy Administrator for Retirement and Operations is very critical to MISSA as he will be responsible for the management and application of claims and payment processes for all benefits payable under the Social Security Retirement System.

Aside from making the final review, (subject to the Administrator's sign-off) of all benefit claims and ensuring strict compliance with applicable laws, rules and regulations, the new Deputy Administrator will also manage MISSA's administration department and Ebeye operations.

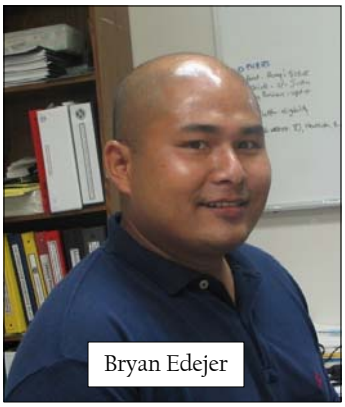
Welcome aboard - Bryan, Mina & Stephen!

The Administration has taken on board three new employees: Bryan Edejer, Stephen Tarbwilin and Rosemina Libokmeto.

Bryan took the post of Tax Compliance Manager, a position that was just recently vacated by Bill Joseph who was promoted to Deputy Administrator for Retirement and Operations.

Bryan earned an Associate of Science Degree in Business Administration and Computer Science from CMI where he also worked for three years as office manager for the CMI-Bilingual Education Career Ladder Program. He also had a three-year stint with MIDB as accounts officer.

Having shown outstanding performance at CMI and MIDB, Bryan was highly praised and strongly recommended by his former superiors for a post in MISSA.



Bryan Edejer

Mina and Stephen were hired to beef up MISSA's Tax Audit Team tasked to examine payroll records of employers and determine whether they comply with MISSA's tax laws and regulations.

Stephen earned an Associate Degree in Business Administration from the College of the Marshall Islands. He has also taken up internship trainings at CMI and the Ministry of Finance, and had a brief stint with Long Island Hotel.

Rosemina Libokmeto

Mina has taken up Business Accounting at the University of South Pacific in Majuro and has more than 15 years of work experience. As a former Coordinator and Finance Officer of the 21st Century CARE Program, she has acquired accounting and bookkeeping skills and was also accustomed to payroll preparation and payroll taxes. Mina was also previously connected with Waan Aelon in Majel (WAM), VIP Car Rental, V7SW FM Radio Station and Youth to Youth in Health.

Stephen Tarbwilin

The hiring of Bryam, Mina and Stephen is expected to boost MISSA's chances of improving tax compliance and recovering tax deficiencies resulting from underdeclared gross taxable wages estimated to reach hundreds of thousands of dollars.

MISSA retains 4 seats in BOMI Board

During the annual stockholders' meeting and election of Members of the Board of Directors held recently, the stockholders of the Bank of the Marshall Islands (BOMI) have once again re-elected MISSA Board Chairman Jack Niedenthal, Vice-Chairman Tommy Milne, Board Member Saeko Shoniber and Administrator Saane K. Aho. Mrs. Aho was also re-elected as Board Secretary, a post she held since 2003.

MISSA's membership to the BOMI Board began in 2001 with three members and then was increased to four in 2003. This was the result of the acquisition of MISSA of 32% ownership of BOMI in the late 1990s.

On February 19, 1999, the RMI Government fully repaid a loan and related interest, totaling $1.94 million, through transferring its ownership of 94,485 shares of the BOMI stocks to MISSA. Later, 30,000 of these shares were sold to a third party that subsequently reduced MISSA's shareholding to 31%.

In August 2005, one of BOMI's shareholders sold MISSA 200 of his BOMI shares as partial payment to his outstanding social security obligations.

Since MISSA acquired ownership of BOMI shares, the Administration received annual dividends from BOMI amounting to about $1.1 million already. As of September 30, 2006, the shares at BOMI are valued at $6.275 million.

MISSA also acquired 3,000 shares of stock from Marshall Islands Service Corporation, a newly opened business managed by BOMI.

Aside from MISSA's stock ownership, the Administration also has $4.1 million of Time Certificate of Deposits at BOMI which earns 5.5% interest per year. However, certain sectors are apparently of the opinion that this could be better invested locally but outside of BOMI. However, the MISSA Board believes otherwise.

Whenever MISSA deposits funds at the bank, the bank, in turn, lends these funds out to the community at an interest rate of about 18% per year. When BOMI makes a profit from the use of these funds, MISSA also benefits. If MISSA were to withdraw these funds from the bank, not only would the bank suffer, but also MISSA, and especially the residents of the Marshall Islands and the business community.

An even more important point has been considered by the MISSA Board. MISSA's payments to beneficiaries and operating expenses are expected to exceed its revenues. The TCDs represent MISSA's short-term reserves and will be utilized to ensure that MISSA has enough cash reserves available for uninterrupted payments to the retirees and other beneficiaries of the Retirement Fund. Therefore, the TCDs at BOMI are one of MISSA's most important assets and will only be withdrawn to pay the retirees and beneficiaries.

Retirement benefits

(Continued from page 4)

uted on earnings in excess of the covered earnings (or gross earnings during any quarter not exceeding $5,000), from two or more employers, and his contributions are withheld and paid to MISSA. However, the foreign worker may apply for lump-sum benefit upon reaching the age of 60. Lump-sum benefit is equal to 4% of the worker's cumulative covered earnings.

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