

Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

SOCIAL SECURITY (AMENDMENT) ACT 2016

Introduced by:

HON. MINISTER KALANI KANEKO

Approved:

HON. SPEAKER KENNETH A. KEDI

BILL NO. 47 P.L. 2016- 26

NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
37TH CONSTITUTIONAL REGULAR SESSION, 2016



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

SOCIAL SECURITY (AMENDMENT) ACT 2016

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Republic of the Marshall Islands
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SOCIAL SECURITY (AMENDMENT) ACT 2016

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 *Social Security (Amendment) Act 2016*.

§102. Amendment.

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

§ 103. Interpretation.

In this Chapter, unless the context otherwise requires:

(k) "**Covered Earnings**" means the worker's or self-employed worker's gross earnings during any quarter 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.

- (2) Section 121 of the *Social Security Act* is amended as follows:

§121. Payment into the Fund.

- (1) There shall be paid into the Fund:

- (a) any money appropriated by the Nitijela for the purposes of the Administration, either generally or in relation to any particular purpose including:
 - (i) any amounts to be identified by the Administration that is necessary to balance its annual budget beginning FY 2017 and onward in order to ensure that no drawdown is made from Trust Fund investments;
 - (ii) Either whole or part of annual appropriation for the Administration pursuant to this section shall be used to subsidize the benefit reductions to take effect on the following dates:
 - (A) October 1, 2017: the amount shall be equal to two-thirds ($\frac{2}{3}$) of the reductions stated in Section 134 (c) and 134 (d); and
 - (B) October 1, 2018: the amount shall be equal to one-third ($\frac{1}{3}$) of the reductions stated in Section 134 (c) and 134 (d).
- (3) 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 December 31, 2016 - 7%; and
 - (d) from January 1, 2017, and thereafter –an additional 1%.
- (4) 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 December 31, 2016 - 7%.; and
- (d) from January 1, 2017, and thereafter –an additional 1%.

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

§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:
 - (i) all monthly benefits greater than \$199 shall be reduced by 5% effective of January 1, 2017; and
 - (ii) The maximum monthly benefit shall be one thousand dollars (US\$1,000) per month.

(6) 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) years of age, 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. However, effective January 1, 2017, this provision shall no longer apply, and all those who received early retirement benefits prior to this date will be grandfathered.
 - (b) A fully insured worker or self-employed worker, on or after his attainment of sixty (60) years 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 January 1, 2017, this provision shall no longer apply, and all those who received deferred retirement benefits prior to this date will be grandfathered.
- (2) Subject to section 144 of this Chapter, 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~~ **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, but not less than the minimum benefit. However, effective January 1, 2017, this provision shall no longer apply.
 - (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, but not less than the minimum benefit. However, effective January 1, 2017, this provision shall no longer apply.
- (3) If a person who is receiving an old age insurance benefit accepts covered employment, the benefit shall be recomputed at the end of the calendar year. However, the following shall apply to all claims approved on or after the effective date of January 1, 2017:
 - (i) If after retirement, the worker or self-employed worker still engages in employment or any trade or business, his benefits will be put on hold until such employment, trade or business permanently ends.
 - (ii) If such worker or self-employed worker receives payment for earned vacation or sick leave hours after retirement, this will be deemed as an extension of his employment, trade or business. In such a case, his benefits will also be put on hold on the month or months covered by his paid vacation or sick leave beginning on the first day after his 60th birthday until the last day of the paid vacation or sick leave.

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

§ 144. The earnings test.

Where any of the provision of this Part provides that a benefit is subject to this Section, 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. 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. However, effective January 1, 2017, this provision shall no longer apply to benefits approved after this date.

§102. Amendment.

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: 47 was passed by the Nitijela of the Republic of the Marshall Islands on the 29th day of September 2016; and
2. That I am satisfied that Nitijela Bill No: 47 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 18th day of October 2016.




Hon. Kenneth A. Kedi

Speaker

Nitijela of the Marshall Islands

Attest:



Morean Watak

Clerk

Nitijela of the Marshall Islands