

his/her benefits for July to September will be reduced.

### **HOW LONG WILL THE EARNINGS TEST APPLY TO MY BENEFITS?**

For retirement, disability, and child insurance beneficiaries, the earnings test will no longer apply in the quarter in which the beneficiary turns 65 years old.

For a surviving spouse, the earnings test will no longer apply in the quarter in which the beneficiary turns 60 years old.

### **WHAT SHOULD I DO IF I AM A BENEFICIARY NO LONGER LIVING IN PALAU?**

If you are a beneficiary residing outside of Palau and still working, you must submit a certified or notarized statement of your gross earnings. If you are not employed, then you must also submit a notarized sworn statement stating that fact.

### **YOUR RESPONSIBILITIES**

It is important to immediately notify us in person whenever you change your name, address, direct deposit account, representative payee, or whether you are married or divorced, caring for a child who receives benefits, or if you adopt a child. You must also notify the Social Security Administration if you are residing overseas, whether or not you may be working.

Information you give to another government agency may be provided to the Social Security Administration by the other agency, but you

also must report the changes to us.

Failure to report a change may result in an overpayment. If you are overpaid, we will recover any payments not due you. Also, if you fail to report changes timely or you make a false statement, you can be penalized by a deduction from payments, a fine, imprisonment or all three.

### **IF YOU DISAGREE WITH A DECISION WE MAKE**

If you disagree with a decision we make, you have the right to request that your claim be reconsidered by the Board of Trustees. You must submit your request in writing to the Social Security Administration within 30 days after the date you were notified of our decision.

If you are still not satisfied, there are further steps you can take after reconsideration. You have the right to be represented by an attorney or other qualified person of your choice in any business with us. We do not require you to have an attorney or other representative, but we will be glad to work with one if you wish.

*For other information, please see the brochure entitled "Frequently Asked Questions and Important Reminders for all Beneficiaries" available at the Social Security Administration office .*

**Republic of Palau  
Social Security Administration**

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**Republic of Palau  
Social Security Administration**

## **EARNINGS TEST**

## WHAT IS THE EARNINGS TEST?

The earnings test determines whether a person receiving Social Security benefits is retired or otherwise depending on his/her benefits.

A beneficiary who is still employed or later returns to work will have his benefits reduced if he/she is earning more than a specific amount. Read more below if you are among those affected by the earnings test.

## WHO IS AFFECTED?

### Retirement, disability, and child insurance beneficiaries under the age of 65 earning over \$1,800 a quarter:

If you are a retirement, disability, or child insurance beneficiary under 65 years old, and you continue to work, your benefits will be reduced by \$1.00 for every \$3.00 of wages in excess of \$1,800 earned during a quarter.

### Surviving Spouse under the age of 60 earning over \$1,500 a quarter:

If you are a surviving spouse under the age of 60 that continues to work, your benefits will be reduced by \$1.00 for every \$3.00 of wages in excess of \$1,500 earned during a quarter.

## WHEN WILL THE REDUCTION TO MY BENEFITS BE APPLIED?

The reduction will be applied two quarters after the earned wages were reported. For example, if a 63 year-old retiree reported wages in January to March in excess of \$1,800,

*(Continued on back page)*

## Applying the Earnings Test:

### Sample calculation for retirement, disability and child insurance beneficiaries under the age of 65 and earning over \$1,800 a quarter:

A 63-year old retiree receives \$300 every quarter (or \$100 a month) in retirement benefits. But he returns to work and is earning \$2,000 a quarter.

Below is a sample calculation to see how his benefits are affected by the earnings test:

1.	<b>Calculate excess:</b> $\$ 2,000 - \$1,800$ $= \$ 200.00$
2.	<b>Calculate how much to reduce:</b> $\$ 200.00 / \$ 3.00$ $= \$ 66.67$
3.	<b>Apply reduction:</b> $\$ 300.00 - \$ 66.67$ $= \$ 233.33$ per quarter

After applying the earnings test, the amount that this beneficiary will receive is \$233.33 per quarter, or \$77.78 per month.

### Sample calculation for surviving spouse under the age of 60 and earning over \$1,500 a quarter:

A 57-year old beneficiary is eligible to receive \$300 every quarter (or \$100 a month) in spouse benefits. But she's still working and is earning \$2,000 a quarter.

Below is a sample calculation to see how her benefits are affected by the earnings test:

1.	<b>Calculate excess:</b> $\$ 2,000 - \$1,500$ $= \$ 500.00$
2.	<b>Calculate how much to reduce:</b> $\$ 500.00 / \$ 3.00$ $= \$ 166.67$
3.	<b>Apply reduction:</b> $\$ 300.00 - \$ 166.67$ $= \$ 133.33$ per quarter

After applying the earnings test, the amount that this surviving spouse is eligible to receive is \$133.33 per quarter, or \$44.44 per month.