Merry Christmas & Happy New Year
From
Board of Trustees,
Administrator & Staff

Board of Trustees
The 2015 began with most of Trustees term on the Board expiring in the 3rd & 4th quarter. The first were Chairman Florencio Rirou and Vice Chairman Lillian G. Uludong who were due to expire on August 19, 2015 and August 25, 2015. Their re-nomination to the Social Security Board of Trustees by President Remengesau was favorably confirmed by the Senate on July 16, 2015, thereby maintaining quorum of the Board ahead of time. Several months later, Secretary/Treasurer Johana Ngirochelbad and Member Francis E. Meyar who were due to expire on October 11, 2015 and October 28, 2015 were again re-nominated to the Social Security Board of Trustees by President Remengesau and were favorably confirmed by the Senate on October 28, 2015. The timely re-nomination and confirmation of members of the SSA Board of Trustees maintains the operations and oversight of the Administration under the same leadership without interruptions during the year. According to the Board By-Laws, the installation of members prompt election of officers after six (6) months which leaves the Board of Trustees ample time to consider composition of officers in the new year of 2016. Each Trustee will serve a four (4) year term from date of Senate confirmation.

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Announcement

The Republic of Palau Social Security Administration is hereby informing all employers that effective October 1, 2015, the maximum taxable wage will increase from $5,000 per quarter to $6,000 per quarter as required by RPPL 9-12. This change will affect 4th Quarter 2015 report. Therefore, please adjust your tax due and pay the appropriate amount in January 2016.

Outreach Program
Social Security Administration’s outreach program took on a different format in 2015; instead of state-to-state visits that has low attendees turnout, the talk shows on the radio, television and conventions/conferences were initiated to provide a much wider coverage. The outreach program were held at Palau Wave Radio, TBAA, Education Conferences and Presidential Press Conferences among others. The focus were continued education on Healthcare insurance schemes for MSA and NHI, the change in retirement age, early retirement benefits, increase of maximum remuneration, and EIN renewal policy including the Benefit Payee Annual Survey. Notable special interest of listeners were the benefits for health insurance coverage and retirement benefits eligibility.
Updates on EIN Renewal Policy
The EIN Renewal Policy that was developed in consultation with staff, consultant, and attorney was duly adopted by the Board of Trustees on June 25, 2015. Implementation took effect on October 31, 2015 to take effect on December 31, 2015. Processes were to enhance the computer system to allow for EIN renewal, advise all active employers through formal letters, issue public announcement in the local newspapers and hold talk shows to share the need and importance of the EIN Renewal Policy. The EIN policy was further made possible under the MOU with Bureau of Revenue & Taxation that was agreed upon for ease of processing to eliminate redundancy of tasks and makes it more customer-friendly.

The purpose of the policy is to ensure that all employees working in the Republic of Palau will have some measure of security that their contributions to Healthcare Fund and Social Security are duly remitted on their behalf according to Social Security Act. There has been an increasing number of employees under the Healthcare Fund (HCF) who relied on their insurance for medical services within Palau. This created an immediate inquiry to SSA of account status of their MSA and NHI coverage. In the post, missing or unpaid contributions affect your future retirement which you would not be made aware until you reach retirement age. In most cases, many retiring individuals have had to face retirement wage with not enough quarter earned to retire or eligible for disability benefits. The Amnesty Program that was approved by the Board of Trustee in 2000, 2004 and 2015 allows for those retirees at retirement age to pay for their contributions for missing quarters to be eligible for retirement benefits. Something that employee could have avoided if his/her quarters were duly remitted by his/her employers in the past. Thus, the need to ensure that employees right for his/her benefits is of utmost care to SSA as mandated under the law.

As of December 17, 2015, there were a total of 2,416 active employers. Of the 2,416, 53% or 1,295 employers were none-filers. These employers were either have not consistently filed their SS contributions and/or been reporting zero employees. If a business keeps reporting zero employees, SSA should have conducted an audit of records and site visit to validate status and activities of the business. A requirement that will be duly set forth in the new policy. Since the EIN renewal came into effect, more business that were either none filers or delinquent on their contributions has come forward to settle their account or work with SSA under some form of agreement. A win-win situation for all concerned parties.

The assessment of fee that met considerable resistant from some employers and legal issues raised by the Olill Era Kelulau, was duly waived by the Board of Trustees on December 22, 2015 with reservation. Those employers who came earlier to renew their EIN and pay the fee will be duly credited of fee amount at next quarterly reporting. Adjustment may take some time as the system was not set up earlier to accept any waivers but SSA is committed to ensure that action by the Board of Trustee will be carried.

SSA is very pleased that EIN renewal policy has been successful this first year of implementation due to the effort of staff and the cooperation/support of our business partners including the Bureau of Revenue and Taxation.

$50 Supplemental Benefit (SB)
RPPL 9-46 otherwise known as the Fiscal Year 2016 Budget Act was signed into law by President Remengesau on September 21, 2015 and provides for a $50.00 supplemental benefit to all ROP SSA beneficiaries in active status. Beginning on October 2015, a $50 supplemental benefit check was issued and mailed out to all active beneficiaries. All SSA beneficiaries will continue to receive this supplemental benefit every month for as long as there are appropriated funds available for this purpose. The continuation of this supplemental benefit payment beyond FY 2016 is subject to appropriation of funds from the National Government.

The supplemental benefit is in a form of a check mailed directly to your post office box. Therefore, if you change your mailing address for any reason, you must let us know so that we can direct your payment as appropriate. If you have not received your check or if you have any questions regarding this, call us or you may come to our office for assistance.

2016 Annual Survey
The 2016 Annual Survey was mailed out to all active beneficiaries on November 1, 2015. Your completed survey must be returned to Social Security Administration by January 15, 2016. All beneficiaries who fail to return the survey may be placed on hold status until annual survey is submitted for benefits to resume. Kindly contact our office at 488-2475 if you need special assistance to complete your form.

The annual survey is an integral form of evidence that SSA uses to determine your continued eligibility to a benefit: it lets us know whether or not you have remarried if you are a surviving spouse, whether or not you have returned to work, whether or not you are in business or self employed, and whether or not you have changed your address. All information requested is relevant in determining continued eligibility to a benefit. Paying a benefit to a beneficiary who is no longer eligible creates an overpayment and overpayments are either deducted against your future benefit or other source of income which may cause hardships to you in near future.

SSA / HCF New Business Hours
Effective: February 1, 2015
MON - FRI 9:00 am—4:00 pm

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Normal Retirement Age of 62 on October 1, 2015

On October 1, 2015, social security retirement age went up to 62 from 60 pursuant to Public Laws 9-11 and 9-12. On that same date, however, early retirement applies for individuals who turn 60 on October 1, 2015 and thereafter. Under the early retirement, those who elect to retire at age 60 instead of waiting until age 62, may do so but will have to settle for a six percent (6%) reduction in benefit for each year remaining until he/she turn 62 years old. For example, if you turn 60 on October 1, 2015 and you meet all other qualifications and wish to retire in October 2015 rather than wait until you are 62, you may do so but your benefit will be reduced by 6% for each year remaining until you turn 62. Thus, if your basic monthly benefit is computed at $500 per month, it will be reduced by $60 to $440 per month ($500 minus $60 (12% of $500)=$440) until you reach age 61. When you turn 61, your monthly benefit will be reduced by 6% or $30, so your monthly benefit will be $470 ($500 minus $30 (6% of $500)=470). When you turn 62, you will receive your full benefit of $500.

Earnings Test (ET) Threshold Raised to $3,000 Per Quarter from $1,800

What a higher Earnings Test (ET) threshold mean for retirees and unemployed surviving spouses and dependents.

In addition to granting dual benefits and giving all beneficiaries a raise, RPPL 9-11 and RPPL 9-12 also raised the Earnings Test (ET) threshold to $3,000.00 for all benefits. What does this mean for retirees and other unemployed surviving spouses and dependent children? Raising the ET threshold to $3,000 allows retirees and surviving spouses and dependent children who are able and willing to enter the workforce to return to work. Earnings up to $3,000 per quarter (or $1,000 per month) has no ET effects. Thus, a benefit payee will continue to receive his/her full SS benefits and additional income from employment.

Raising ET threshold to $3,000 from $1,800 is a significant increase. The opportunities for retirees to increase their income without SS contributions is now available. Retirees who choose to return to employment will actually see an increase in their basic monthly benefit since every January, Social Security Administration re-calculates benefits to include all earnings recognized at calendar year end.

Surviving Spouse Benefit - Audit

In summer of 2015, SSA carried an audit on Surviving Spouse benefit payee. The file review, annual survey and individual visits were part of gathering evidence to determine the proper benefit to surviving spouse who has re-married. You will lose your surviving spouse benefit if you are below retirement age and have re-married. If you are at retirement age and have re-married, you may continue to receive your surviving spouse benefit at 60% but you will not be eligible to claim any benefit of another spouse in the future.

Dependent Child Benefit - Audit

In the summer of 2015, SSA carried an audits on dependent children beneficiaries. The reason for the audit was to validate that the dependent child is aware of his/her benefit, child is residing with benefit payee, and that the child is duly receiving care and support of benefit payee as intended by law. We have found that some dependent children were no longer residing with the Benefit Payees but the Benefit Payees continued to receive the benefit. In such a case, the benefit is put on hold temporarily while the dependent child appoint a new guardian. If the child is 18 years or older, he/she qualifies as own benefit payee.

Disability Training

Mr. John Vanderburgh, Disability Consultant, based in Guam provides training on Disability Claims in similar form to that of USA to the Social Security Administration in the Micronesian Region. In early 2015, ROP Social Security Administration made a request to Mr. Vanderburgh to travel to Palau and hold a training to the staff of ROPSSA and other interested participants who provides services to individuals with disabilities. This is the second time Disability Training was held for SSA staff since 2010 in Guam. The training focuses on disability claim adjudication, disability impairments, medical/professional relations, disability report and various form being used. Interaction on case studies within the region shared also benefited the participants. The one day training course was held on August 10, 2015 at Palau International Coral Reef Center. Attendees were the SSA Administrator and seven staff from Member Service Section of SSA. Other participants includes SSA DI Medical Profession Dr. Helen Ngirmekur, Civil Service Pension Fund, and Ministry of Community & Cultural Affairs. The training session experiences provides SSA staff the opportunity to improve their services to individuals with disability and also to acknowledges those that have had a fulfilling life with their limitations after DI benefits.

TAXES VERSUS BENEFITS PAID AS OF 12/29/15 (Source: SSA Fox Pro System)

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<th>BENEFITS PAID</th>
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<td>DISABLED</td>
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<td>4,021,962</td>
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<td>SURVIVOR*</td>
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<td>3,790,800</td>
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<td>TOTALS**</td>
<td>3,571</td>
<td>21,839,897</td>
<td>115,133,584</td>
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*Includes Surviving Spouse (SP), Dependent Children (DC), and Disabled Dependents (DD)

**Includes beneficiaries on active and those who are on hold status. Beneficiaries are put on hold when their continuing eligibility to receive a benefit is in question due to non-compliance with SSA requirement such as school certificates, earnings report, completion of annual survey, death certificate. On-Hold beneficiaries remain liability to SSA until all their rights to their benefits have been duly and legally terminated, after which time their files will be considered Closed.
Healthcare Fund Reminders...
In our continuing effort to better serve the public, Healthcare Fund Office would like to remind all employers to complete the HCF Enrollment Forms for all new employees, especially their newly-arrived foreign workers. Completing the HCF enrollment form will enable the new employee to add dependents and designated beneficiaries to ensure that they can receive healthcare services when needed without undue delay.

Call Social Security Administration at 488-2457 for more information. Or you may bring new employee to our office to complete the enrollment process.

Mandatory Coverage under National Health Insurance
Under Healthcare Fund, employers are required to withhold 2.5% of an employee’s earnings every pay period. Employers then transmit employee shares, along with a matching employer share of 2.5% to Social Security administration. From the combined employee and employer contribution amount of 5%, 2.5% is assigned to the employees’ medical savings account (MSA) while the other 2.5% goes into the pooled National Health Insurance (NHI). If you are employed, then you should have coverage after your employer has remitted your taxes for two consecutive quarters. You should also have funds in your Medical Savings Account (MSA).

If you have any questions about this, you can call us at 488-2457 or come by our office during business hours, Monday to Friday, 9 AM to 5PM.

Voluntary Purchase of NHI Coverage
If you are unemployed or self-employed, you may purchase voluntary coverage at $38.03 per quarter. Your coverage will start after you have made two consecutive quarterly payments of $38.03. You must continue to make quarterly payments of $38.03 to ensure uninterrupted coverage.

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<th>FOR QUARTER ENDING</th>
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Applying for USA Social Security Benefits:
If you are applying or inquiring for USA Social Security benefits, please contact US Embassy at 587-2920 or visit the Embassy to further assist you.

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