
AN ACT

To amend various provisions of Title 41 of the Palau National Code regarding the Palau Social Security System, and for other related purposes.

THE PEOPLE OF PALAU REPRESENTED IN THE OLBIL ERA KELULAU DO ENACT AS FOLLOWS:

1 Section 1. Amendments.

2 (a) §702(a) of Title 41 of the Palau National Code is hereby amended as follows:

3 “§702. Definitions. As used in this chapter, the following words shall
4 have the following meanings ascribed to them unless context indicates otherwise:

5 ...

6 (27) Permanently insured “ means having not less than 120 quarters of
7 coverage.

8 (b) §742 of Title 41 of the Palau National Code is hereby amended as follows:

9 “§742. Maximum remuneration.

10 The maximum amount of remuneration received during a quarter from
11 one employer by any one employee upon which contributions must be deducted
12 and contributed to the Retirement Fund is three thousand dollars (\$3,000.00);
13 provided, however, that such maximum amount of remuneration shall be
14 increased to four thousand dollars (\$4,000.00) on October 1, 2007 and shall be
15 increased to five thousand dollars (\$5,000.00) after October 1, 2008.”

16 (c) §751 of Title 41 of the Palau National Code is hereby amended as follows:

17 “§751. Basic benefit formula.

18 (a) The “Basic Benefit” monthly payment of one-twelfth (1/12) of the total
19 of:

20 (1) 21.50% of the first \$11,000.00 of cumulative covered earnings;

21 and

1 (2) 2.90% of cumulative covered earnings in excess of \$11,000.00
2 but not in excess of the next \$33,000.00; and

3 (3) 1.50% of cumulative covered earnings in excess of \$44,000.00.

4 (b) "Cumulative Covered Earnings" means remuneration on which
5 employee contributions have been made.

6 (c) Effective April 1, 2007, the minimum amount of the basic benefit, as
7 applied to all benefits listed in § 752 of this Chapter, shall be ninety-eight dollars
8 (\$98.00).

9 (d) §752 of Title 41 of the Palau National Code, as amended by RPPL No. 5-
10 34(29), is hereby amended as follows:

11 "§752. Types of benefits.

12 (a) The following are the types of benefit in this chapter:

13 (1) old age insurance benefit, in accordance with section 753; and

14 (2) disability insurance benefit, in accordance with section 754; and

15 (3) surviving spouse's insurance benefit, in accordance with section
16 755; and

17 (4) surviving child's insurance benefit, in accordance with section
18 756; and

19 (5) lump sum benefit, in accordance with section 758.

20 (b) Except as provided in section 755, no person may receive two types of
21 benefits at the same time and must elect, by written notice to the Social Security
22 Administrator, which benefit he or she prefers to receive; provided however, that
23 any person receiving more than one type of benefit as of the effective date of this
24 Act shall not be required to make such election and shall continue to receive more
25 than one type of benefit. However, the benefits received under this subsection
26 shall not be subject to the minimum benefit increase as provided in this Act.

1 (c) Until an election is made, the person concerned shall receive whichever
2 of the benefits, in the opinion of the Social Security Administrator, is most
3 beneficial to that person."

4 (e) §753 of Title 41 of the Palau National Code, as amended by RPPL No. 5-
5 34(29), is hereby amended as follows:

6 "§753. Old age insurance benefit.

7 (a) A person who is fully insured and has attained the age of 60 years and
8 retired is entitled to a monthly old age insurance benefit, beginning with the
9 month in which that person became so entitled and ending with the month
10 preceding the month in which he dies, subject to the earnings test.

11 (b) The monthly amount of the benefit is the basic benefit, with a minimum
12 monthly benefit of ninety-eight dollars (\$98.00).

13 (c) If a person who is receiving an old age insurance benefit returns to
14 employment, the benefit shall be recomputed at the end of the calendar year and
15 the recomputed benefit shall be paid on the first month of the next calendar year.

16 (d) It is the responsibility of the payee to advise the Social Security
17 Administration immediately when he returns to employment.

18 (e) *The maximum limit of the basic monthly benefit is 100% of the highest*
19 *monthly average wage of the wage earner over any 12 quarters out of the last 40*
20 *quarters preceding retirement; provided, however, that such limit shall not be*
21 *implemented until three years from the effective date of this Act, and provided*
22 *further that such limit shall apply only to persons applying for benefits*
23 *subsequent to such implementation date.*

24 (f) §754 (a) and (b) of Title 41 of the Palau National Code, as amended by RPPL
25 No. 5-34(29), is hereby amended as follows:

1 “§754. Disability insurance benefit.

2 (a) Subject to section 762, a person who is disabled and was at the time of
3 the onset of the disability both fully and currently insured, or permanently
4 insured, is entitled to a monthly disability insurance benefit, beginning with the
5 month in which that person became so entitled and ending with the month before
6 the month in which he or she dies or recovers from the disability, whichever
7 occurs first, subject to the earnings test.

8 (b) Subject to subsection (a) and (b), the monthly amount of the benefit is
9 the basic benefit, with a minimum monthly benefit per month, ninety-eight
10 dollars (\$98.00).

11 ...”

12 (g) §755 of title 41 of the Palau National Code, as amended by RPPL No. 5-38(15)
13 and RPPL No. 5-34(29), is hereby amended as follows:

14 “§755. Surviving spouses insurance benefit.

15 (a) Subject to section 757, the surviving spouse of a person who has died
16 while fully or currently insured is entitled to a monthly survivor's insurance
17 benefit, beginning with the month in which the surviving spouse became so
18 entitled and ending with the month preceding the month in which the surviving
19 spouse dies. A widow or widower who is at least 60 years of age may re-marry
20 and continue to receive the benefit provided by this section but may not receive
21 more than one surviving spouse's insurance benefit.

22 (b) The monthly amount of the benefit is sixty percent (60%) of the basic
23 benefit applicable to the deceased wage earner at the time of his or her death if
24 the surviving spouse is under age of 60 and is unmarried. The monthly amount
25 of the benefit is one hundred percent (100%) if the surviving spouse is at least 60
26 years of age and unmarried.

1 (c) If the surviving spouse is eligible for the old age or disability insurance
2 benefit based on his or her employment coverage, the surviving spouse's benefit
3 shall be reduced by the amount of the old age or disability insurance benefit.

4 (d) A person under the age of 60 who is employed and earns more than one
5 thousand five hundred dollars (\$1,500.00) in any quarter shall have his/her
6 surviving spouse benefit reduced by \$1.00 for every \$3.00 for wages earned in a
7 quarter in excess of one thousand five hundred dollars (\$1,500.00). The reduction
8 shall be applied in the quarters immediately following the quarter in which the
9 wages were earned."

10 (h) §757 of Title 41 of Palau National Code is hereby amended as follows:

11 "§757. Maximum and minimum amounts of survivors insurance benefit.

12 (a) Subject to subsection (b), the monthly total of the survivor's insurance
13 benefits payable with respect to a deceased employee contributor shall not exceed
14 the basic benefit applicable to him or her immediately before his or her death,
15 without reference to section 753 (c).

16 (b) The minimum amount of the total of a survivor's insurance benefit is
17 ninety-eight dollars (\$98.00) per month, computed before the application of
18 section 755(c).

19 (c) *Where there are more persons than one entitled to the survivor's*
20 *benefit, any reduction by virtue of this section shall be made to all such benefits*
21 *proportionately to the amount of the benefits."*

22 (i) §758 of Title 41 of the Palau National Code is hereby amended as follows:

23 "§758. Lump sum benefits.

24 If after an employee contributor dies and all rights to survivor's insurance
25 benefits with respect to him or her have been terminated, a lump sum benefit

1 equal to six percent (6%) of his or her cumulative covered earnings, less the
2 amount of the benefits actually received by the employee contributor, if any, shall
3 be paid:

4 (a) to the spouse; or

5 (b) if there is no surviving spouse, to the children, or to any guardian or
6 trustee for the children, in equal shares; or

7 (c) if there is no surviving spouse or child to the parents in equal shares;

8 or

9 (d) if there is no surviving spouse, child or parent, to the duly appointed
10 legal representative of the deceased; or

11 (e) if none of the preceding paragraphs apply, to the persons entitled to it
12 under the laws and customs of the last domicile of the deceased."

13 (j) Title 41 of the Palau National Code is hereby amended to add a new §761 as
14 follows:

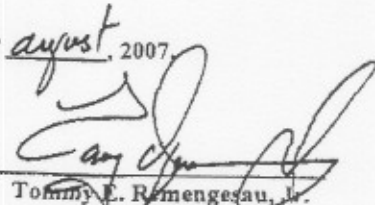
15 "§761. The earnings test.

16 The "earnings test" means a test to determine whether the person who is
17 receiving the benefit is retired or otherwise dependent on the Social Security
18 benefit. The maximum amount of remuneration that a person may earn and still
19 remain entitled to a full benefit is one thousand eight hundred dollars (\$1,800.00)
20 during any quarter. The person who is receiving the benefits shall have his or her
21 benefit reduced by one dollar (\$1.00) for each three dollars (\$3.00) of wages
22 earned during a quarter in excess of one thousand eight hundred dollars
23 (\$1,800.00). The reduction shall be applied in the quarter following the quarter
24 in which the wages were earned. Notwithstanding the foregoing, the earnings test
25 will not be applicable in the quarter in which the person who is receiving the
26 benefit attains age 65, or in any subsequent quarter.

1 Section 2. Effective date. This Act shall take effect upon its approval by the
2 President, or upon its becoming law without such approval, except as otherwise provided
3 by law.

PASSED: July 19, 2007

Approved this 2 day of August, 2007.


Tommy E. Remengesau, Jr.
President
Republic of Palau