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RPPL NO. 8-5



EIGHTH OLBILL ERA KELULAU

THIRD REGULAR SESSION
JULY 2009

HOUSE BILL NO. 8-1-1, HD1, SD2

A BILL FOR AN ACT

To amend Title 41 of the Palau National Code in order to restore Social Security benefits, and for other related purposes.

OFFERED BY DELEGATE(S) J. Isechal, K. Ngirturong, W. Andrew, M. Madrangchar, H. Rafael, C. Yangilmau, S. Ongidobel, R. Kesolei, J. Nabeyama and T. Rengulbai ET AL,

DATE INTRODUCED Jan. 27, 2009

HOUSE ACTION

FIRST READING:	Jan. 27, 2009
REFERRED TO:	Ways & Means
STANDING COMMITTEE REPORT NO:	8-1
DATE ADOPTED:	Jan. 28, 2009
SECOND READING:	Jan. 28, 2009
LEGAL FORMAT:	Proper
REVIEW:	Jan. 28, 2009
THIRD READING:	Feb. 03, 2009
FINAL ACTION:	July 28, 2009

SENATE ACTION

FIRST READING:	Feb. 05, 2009
REFERRED TO:	Ways & Means & Financial Matters
STANDING COMMITTEE REPORT NO:	8-46
DATE ADOPTED:	April 23, 2009
SECOND READING:	April 23, 2009
LEGAL FORMAT:	Proper
REVIEW:	April 23, 2009
THIRD READING:	July 23, 2009
FINAL ACTION:	July 23, 2009

CONFERENCE COMMITTEE ACTION

DATE:	None
COMMITTEE REPORT:	None
DATE PASSED:	None

[Signature]
Roman Yano
HOUSE CLERK

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Wilbur Williams
SENATE CLERK

EIGHTH OLBIIIL ERA KELULAU

First Regular Session, January 2009

RPPL NO. 8-5

(Intro. As H. B. No. 8-1-1, HD1, SD2)

AN ACT

To amend Title 41 of the Palau National Code in order to restore certain Social Security benefits, and for other related purposes.

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

1 Section 1. Legislative Findings. The Olbiil Era Kelulau finds that the Social Security

2 System in the Republic of Palau is an important social program that, in addition to providing

3 certain survivor's benefits, provides covered persons a measure of security in their old age and

4 during times of disability. Because the Social Security System is such a crucial element in ensuring

5 that covered persons are able to maintain secure and comfortable lives, the Olbiil Era Kelulau finds

6 that it is necessary to assess the Social Security System from time to time and modify it, if

7 necessary, in order to respond to shifting concerns and issues. The Olbiil Era Kelulau and the

8 President most recently addressed changes to the Social Security System with RPPL No. 7-32,

9 which was signed into law on August 2, 2007. Initially introduced in the Senate as Senate Bill No.

10 7-92 in August 2005, RPPL No. 7-32 went through several iterations as a bill in both the House

11 of Delegates and the Senate before a final draft of the bill was agreed to by a conference committee

12 and signed into law by the President approximately two years after its introduction. RPPL No. 7-32

13 increased benefits to retirees and increased the taxable wage base to cover the cost of such increase.

14 While RPPL No. 7-32 had some beneficial consequences, it also resulted in a benefit decrease for

15 certain Palauan citizens who had been eligible for and had received certain Social Security benefits,

16 with no advance warning that their benefits would be altered. In the fall of 2008, the Olbiil Era

17 Kelulau sought to address this unanticipated benefit decrease through House Bill No. 7-147-22S,

18 HD1, SD5. House Bill No. 7-147-22S, HD1, SD5 was passed by both the House of Delegates and

19 the Senate, however, by way of letter dated November 2, 2008, the President referred the bill back

20 to the Olbiil Era Kelulau for additional review and action. The Seventh Olbiil Era Kelulau was

21 unable to take up that piece of legislation again, due to, among other things, time constraints. The

22 Eighth Olbiil Era Kelulau finds that is it still necessary to take action addressing the benefit

23 decrease that resulted from the passage of RPPL No. 7-32. The amendments set forth in this bill

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1 will restore benefits to citizens who have been injured by having their benefits decreased without
2 compromising the integrity of the Social Security System in the long term, and also take into
3 account certain of the President's proposals contained in his referral letter.

4 **Section 2. Amendment.**

5 (A) Section 752 of Title 41 of the Palau National Code, as amended by RPPL No. 7-32,
6 is hereby amended as follows:

7 "§ 752. Types of benefits.

8 (a)

9 (b) Except as provided in Section 755, no person may receive two types of benefits
10 at the same time and must elect, by written notice to the Social Security Administrator,
11 which benefit he or she prefers to receive.

12 (c)"

13 (B) Section 755 of Title 41 of the Palau National Code, as amended by RPPL No. 7-32,
14 is hereby amended as follows:

15 "§ 755. Surviving spouses insurance benefit.

16 (a)

17 (b)

18 (c) If the surviving spouse is eligible for the old age or disability insurance benefit
19 based on his or her employment coverage, then the following rules apply:

20 (1) If the surviving spouse beneficiary was eligible to receive both the
21 surviving spouse insurance benefit and another benefit prior to August 2, 2007, the
22 surviving spouse's benefit shall not be reduced by the amount of the old age or
23 disability insurance benefit.

24 (2) If the surviving spouse beneficiary was not eligible to receive both the
25 surviving spouse insurance benefit and another benefit prior to August 2, 2007, the
26 surviving spouse's benefit shall be reduced by the amount of the old age or
27 disability insurance benefit."

28 (C) Section 761 of Title 41 of the Palau National Code, as amended by RPPL No. 7-32,
29 is hereby amended as follows:

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1 "761. The earnings test.

2 (a) The "earnings test" means a test to determine whether the person who is receiving the
3 benefit is retired or otherwise dependent on the Social Security benefit. The maximum amount of
4 remuneration that a person may earn and still remain entitled to a full benefit is one thousand eight
5 hundred dollars (\$1,800) during any quarter, except as provided in subsection (c).

6 (b) The person who is receiving retirement benefits shall have his or her retirement benefit
7 reduced by one dollar (\$1.00) for each three dollars (\$3.00) of wages earned during a quarter in
8 excess of one thousand eight hundred dollars (\$1,800). The reduction shall be applied in the
9 quarters following the quarter in which the wages were earned.

10 (c) A person who receives the surviving spouse benefit shall have his surviving spouse
11 benefit reduced by \$1.00 for every \$3.00 for wages earned in a quarter in excess of one thousand
12 five hundred dollars (\$1,500.00), unless:

13 (1) the surviving spouse beneficiary is 60 years old or older; or

14 (2) the surviving spouse beneficiary was eligible for the surviving spouse benefit
15 under section 755 prior to August 2, 2007.

16 The reduction shall be applied in the quarters immediately following the quarter in which the wages
17 were earned.

18 (d) A surviving spouse beneficiary qualifying under subsection (c)(2) shall receive such
19 benefit at the level in existence immediately prior to August 2, 2007, unless such beneficiary
20 received an increase in his surviving spouse benefit as a result of the enactment of RPPL No. 7-32.
21 In the latter case, such beneficiary shall continue to receive that increased benefit.

22 (e) Notwithstanding the foregoing, the earnings test will not be applicable:

23 (1) in the quarter in which the person who is receiving the benefit attains age 65,
24 or in any subsequent quarter; and

25 (2) to persons who became eligible to receive benefits prior to August 2, 2007,
26 who shall receive such benefit at the level in existence immediately prior to August 2,
27 2007."

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Section 3. Transition Period. Section 2 of this Act shall take effect sixty days after the effective date of this Act. On the next regularly scheduled payment date occurring after the date which is sixty days after the effective date of this Act, or on such date, if such date is a regularly scheduled payment date, the Social Security Administration shall commence paying benefits at the level in existence immediately prior to August 2, 2007 to beneficiaries whose benefits were decreased by the enactment of RPPL No. 7-32.

Section 4. Effective Date. This Act shall take effect upon its approval by the President of the Republic of Palau or upon its becoming law without such approval, except as otherwise provided by law.

PASSED: July 28, 2009

Approved this July 30, ~~day of~~ _____, 2009. *[Signature]*

[Signature]
His Excellency Johnson Toribiong
President, Republic of Palau