

AN ACT

To provide for a Social Security basic benefit shortfall payment, to amend Section 741 of Title 41, to direct fishing agreements revenue to the Pension Fund, and for other related purposes.

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

1           Section 1. Amendment. Subchapter VI of Chapter 7 of Title 41 of the Palau  
2 National Code is amended to add a new Section 764 to state as follows:

3           “§ 764. Basic benefit shortfall.

4           (a) The purpose of this section is to ensure that every social security  
5 beneficiary receives a benefits increase of no less than \$50 relative to the amount that  
6 the beneficiary received prior to October 1, 2013, which was the effective date of both  
7 RPPL No. 9-11 and RPPL No. 9-12. Beneficiaries whose cumulative covered earnings  
8 are between \$5,470 and \$10,909 received a benefits increase that was less than \$50 as  
9 a result of the implementation of RPPL No. 9-11 and RPPL No. 9-12. The Basic  
10 Benefit Shortfall payment implemented by this section is the exact amount that each  
11 beneficiary in this group requires in order to receive a total benefits increase of \$50  
12 over the amount the beneficiary was due to be paid prior to October 1, 2013.

13           (b) For purposes of this section

14           (1) the “Old Basic Benefit” is a monthly payment of one-twelfth of  
15 twenty-one and one half percent (21.5%) of the first eleven thousand dollars  
16 (\$11,000) of cumulative covered earnings, or the minimum basic benefit of \$98  
17 in effect prior to October 1, 2013, whichever was the amount due to be paid to  
18 a beneficiary;

19           (2) the basic benefit as calculated under Section 751(a)(1) as amended  
20 by RPPL No. 9-12 is known as the “New Basic Benefit” and is a monthly  
21 payment of one-twelfth of twenty-seven percent (27%) of the first eleven  
22 thousand dollars (\$11,000) of cumulative earnings, or the minimum basic  
23 benefit of \$148 in effect as of October 1, 2013, whichever is the amount due to  
24 be paid to a beneficiary;

1                   (3) the amount remaining when the Old Basic Benefit is subtracted  
2                   from the New Basic Benefit is known as the “Basic Benefit Increase”; and

3                   (4) the amount remaining when the Basic Benefit Increase is subtracted  
4                   from \$50 is known as the “Basic Benefit Shortfall”, where that amount  
5                   remaining is a positive amount.

6                   (c) The Basic Benefit Shortfall will be added to the monthly payment due to a  
7                   Social Security beneficiary where that beneficiary incurs a Basic Benefit Shortfall.

8                   (d) The Basic Benefit Shortfall is retroactive to October 1, 2013, so that  
9                   individuals who would have received a Basic Benefit Shortfall payment under this  
10                  section between October 1, 2013 and the effective date of this section will receive a  
11                  lump sum payment of the Basic Benefit Shortfall payments that accrued during that  
12                  time.”

13                  Section 2. Amendment. 41 PNC § 741, as amended by RPPL No. 9-12, is  
14                  amended to state as follows:

15                  “§ 741. Self-employed persons.

16                  (a) . . .

17                  . . .

18                  (c) A self-employed person who has, in a given quarter, no employee who  
19                  receives remuneration from him, shall be presumed to receive in any quarter, as  
20                  remuneration, ten percent (10%) of the self-employed person’s gross revenue in the  
21                  preceding calendar year. However, if the self-employed person has reached  
22                  retirement age under Section 753, the self-employed person is exempt from  
23                  contributions under this subsection.

24                  (d) . . .

25                  . . .”

26                  Section 3. Amendment. Section 2 of RPPL No. 8-47, as amended by RPPL No.  
27                  9-11, is amended to state as follows:

28                  “Section 2. Foreign Fishing Revenue Distribution.

29                  (a) . . .

1 (b) . . .

2 (c) Beginning with funds received in Fiscal Year 2011, all revenue derived  
3 from the fishing agreements shall hereby be divided between the national government  
4 and the state governments as follows:

5 (1) 15% of the revenue shall go to the national government. In fiscal  
6 years 2014, 2015, and 2016, this 15% of revenue shall be deposited in the  
7 Social Security Fund which shall be applied to retire any debts to the Social  
8 Security Fund incurred by the national government in its capacity as an  
9 employer; the National Treasury shall transmit the revenue to the Social  
10 Security Fund no later than sixty (60) days upon receipt. Starting in fiscal year  
11 2017, or at the time that the debts to the Social Security Fund are paid,  
12 whichever is sooner, the 15% of revenue directed to the national government  
13 will be deposited in the Republic of Palau Civil Service Pension Trust Fund for  
14 the purpose of retiring any debts to the Civil Service Pension Trust Fund  
15 incurred by the national government in its capacity as an employer until those  
16 debts are paid.

17 (2) . . .

18 (3) . . .

19 (d) . . .”

20 Section 4. Effective date. This Act will take effect upon its approval by the  
21 President of the Republic of Palau, or upon becoming law without such approval.

PASSED: August 28, 2014

Approved this 28<sup>th</sup> day of August, 2014.

/s/  
HE Tommy E. Remengesau, Jr.  
President  
Republic of Palau