

CHAPTER 5

Retirement Fund

SECTIONS

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Editor's note: Although most of the provisions of this subtitle I have been repealed by implication by the FSM Social Security Act, the provisions of this Trust Territory Social Security Act are retained in this subtitle I since 53 F.S.M.C. 1109 provides for saving of certain of its provisions for certain purposes.

The designation "subtitle I" has been applied to chapters 1 through 5 of title 53 to accommodate codification of PL 4-36, "Federated States of Micronesia Social Security Act," as subtitle II. Accordingly, "this title," as it appears in chapters 1 through 5, should be read "this subtitle."

§ 501. Created—Administration.

There shall be a Trust Territory Social Security Retirement Fund separate and apart from all public moneys or funds of the Trust Territory, which shall be administered by the Social Security Board exclusively for the purposes of this title.

Source: COM PL 3-40 § 17(a); TT Code 1970, 73 TTC 201; TT Code 1980, 73 TTC 201.

Cross-reference: The statutory provisions on the FSM Social Security Act are found in subtitle II of this title.

§ 502. Composition—Handling.

- (1) The Retirement Fund shall consist of:
 - (a) all employee contributions;
 - (b) all employer contributions;
 - (c) all penalties and interest collected on account of contributions;

- (d) all gifts, donations, and fund transfers authorized by law; and,
- (e) all interest and earnings from investment of the funds.

(2) All moneys in the fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as provided by law or regulation for other public moneys or funds of the Trust Territory Government.

Source: COM PL 3-40 § 17(a), (b); TT Code 1970, 73 TTC 202; TT Code 1980, 73 TTC 202.

§ 503. Contingency reserve account.

There shall be a contingency reserve account within the Retirement Fund for the purpose of payment of insurance benefits. Funds in the Retirement Fund in excess of the amount required for maintenance of the contingency reserve account shall be invested by the Board as provided in this title.

Source: COM PL 3-40 § 17(c); TT Code 1970, 73 TTC 203; TT Code 1980, 73 TTC 203.

§ 504. Investment of funds—Generally.

The Board, after investigation and study, shall determine the methods of investing its trust funds to insure the greatest return commensurate with sound financing adequately safeguarded. The Board may invest and reinvest the moneys in its funds and may hold, purchase, sell, assign, transfer, and dispose of any of the securities and investments in which any of the moneys of its funds are invested, and, upon such sale, the proceeds thereof shall redeposited in the funds of the Board subject to reinvestment and payment therefrom by order of the Board.

Source: COM PL 3-40 § 18(a); TT Code 1970, 73 TTC 204; TT Code 1980, 73 TTC 204.

§ 505. Investment of funds—Authorized investments enumerated.

The Board may invest and reinvest its moneys:

(1) in bonds or other evidences of indebtedness of the United States or any of its agencies or instrumentalities;

(2) in bonds or other evidences of indebtedness of any State, any county, or incorporated municipality or duly organized school district of any State or territory of the United States, including bonds or evidences of indebtedness which are payable from revenues or earnings specifically pledged for the payment of the principal and interest on such obligations, and for the payment of which a lawful sinking fund or reserve fund has been established and is being maintained, but only if no default in payment of principal or interest on the obligations to be purchased has occurred within five years of the date of investment therein, or, if such obligations were issued less than five years prior to the date of investment, no default in payment of principal or interest has occurred on the obligations to be purchased nor on any other obligations of the issuer within five years of such investments;

(3) bonds, debentures, notes and other evidences of indebtedness issued or assumed by Trust Territory institutions, created or existing under the laws of the Trust Territory, including housing authorities, when such obligations are guaranteed as to principal and interest by the Government of the Trust Territory;

(4) bonds, debentures, notes, and other evidences of indebtedness issued, assumed, or guaranteed by any solvent institution created or existing under the laws of the United States or of any State or territory thereof, or of the Trust Territory, which are not in default as to principal or interest and which are secured by collateral worth at least 50 percent more than the par value of the entire issue of such obligations, but only if not more than one-third of the total value of such required collateral shall consist of common stock;

(5) common stock.

Source: COM PL 3-40 § 18(b); COM PL 4-31 § 4; TT Code 1970, 73 TTC 205; TT Code 1980, 73 TTC 205.

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