

WHAT IS THE EARNINGS TEST?

The earnings test determines whether a person receiving Social Security benefits is retired or otherwise depending on his/her benefits.

A beneficiary who is still employed or later returns to work will have his benefits reduced if he/she is earning more than a specific amount. Read more below if you are among those affected by the earnings test.

WHO IS AFFECTED?

Retirement (RE) beneficiaries under the age of 65, Surviving Spouse (SP) beneficiaries under the age of 60, Disability (DI) Insurance and Dependent Child (DC) beneficiaries earning over \$3,000 a quarter.

If you are a retirement insurance beneficiary under the age 65 or a surviving spouse under the age of 60 or a disability insurance or child insurance beneficiary and you continue to work, your benefits will be reduced by \$1.00 for every \$3.00 of wages in excess of \$3,000 earned during a quarter.

WHEN WILL THE REDUCTION TO MY BENEFITS BE APPLIED?

The reduction will be applied two quarters after the earned wages were reported. For example, if a 63 year-old retiree reported wages in January to March in excess of \$3,000, his/her benefits for July to September will be reduced.

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Applying the Earnings Test:

Sample calculation for retirement, disability and child insurance beneficiaries under the age of 65 and earning over \$3,000 a quarter:

A 63-year old retiree **receives \$1,646.01 every quarter** (or \$548.67 a month) in retirement benefits. But he/she returns to work and **earns \$4,500 a quarter**.

Below is a sample calculation to see how his benefits are affected by the earnings test:

1.	Calculate excess: $\$4,500 - \$3,000 = \$1,500.00$
2.	Calculate how much to reduce: $\$1,500.00 / \$3.00 = \$500.00$ (per qtr.)
3.	Calculate how much to reduce: $\$500.00 / \$3.00 = \$166.67$ per month
4.	Apply reduction: Monthly Benefit amount (\$548.67) – (ET Deduction per month) \$166.67 = (Monthly Benefit Due) \$382.00

After applying the earnings test, the amount that this beneficiary will receive is \$ 1,146.00 per quarter, or \$382.00per month.

Sample calculation for surviving spouse under the age of 60 and earning over \$3,000 a quarter:

A 57-year old beneficiary is **eligible to receive \$1,155 every quarter** (or \$385 a month) in spouse benefits. But he/she still working and **earns \$4,500 a quarter**.

Below is a sample calculation to see how her benefits are affected by the earnings test:

1.	Calculate excess: $\$4,500 - \$3,000 = \$1,500.00$
2.	Calculate how much to reduce: $\$1,500.00 / \$3.00 = \$500.00$ (per qtr.)
3.	Calculate how much to reduce: $\$500.00 / \$3.00 = \$166.67$ per month
4.	Apply reduction: Monthly Benefit amount (\$385.00) – (ET Deduction per month) \$166.67 = (Monthly Benefit Due) \$218.33

After applying the earnings test, the amount that this surviving spouse is eligible to receive is \$655 per quarter, or \$218.33 per month.

HOW LONG WILL THE EARNINGS TEST APPLY TO MY BENEFITS?

For retirement, and disability insurance beneficiaries, the earnings test will no longer apply in the quarter in which the beneficiary turns 65 years old.

For a surviving spouse, the earnings test will no longer apply in the quarter in which the beneficiary turns 60 years old.

WHAT SHOULD I DO IF I AM A BENEFICIARY NO LONGER LIVING IN PALAU?

If you are a beneficiary residing outside of Palau and still working, you must submit a certified or notarized statement of your gross earnings. If you are not employed, then you must also submit a notarized sworn statement stating that fact.

YOUR RESPONSIBILITIES

It is important to immediately notify us in person whenever you change your name, address, bank account, benefit payee, or whether you are married or divorced, caring for a child who receives benefits, or if you adopt a child. You must also notify the Social Security Administration if you are residing overseas, whether or not you may be working.

Information you give to another government agency may be provided to the Social Security Administration by the other agency, but you also must report the changes to us.

Failure to report a change may result in an

overpayment. If you are overpaid, we will recover any payments not due you. Also, if you fail to report changes timely or you make a false statement, you can be penalized by a deduction from payments, a fine, imprisonment or all three.

IF YOU DISAGREE WITH A DECISION WE MAKE

If you disagree with a decision we make, you have the right to request that your claim be reconsidered by the Board of Trustees. You must submit your request in writing to the Social Security Administration within 30 days after the date you were notified of our decision.

If you are still not satisfied, there are further steps you can take after reconsideration. You have the right to be represented by an attorney or other qualified person of your choice in any business with us. We do not require you to have an attorney or other representative, but we will be glad to work with one if you wish.

For other information, please see the brochure entitled "Frequently Asked Questions and Important Reminders for all Beneficiaries" available at the Social Security Administration office .

**Republic of Palau
Social Security Administration**

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