

SURVIVING CHILD / DEPENDENT CHILD (DC) BENEFIT

WHO IS ELIGIBLE?

The dependent child(ren) of a deceased wage earner who has died **fully or currently insured** is entitled to a monthly survivor's insurance benefit, beginning with the month in which the DC became so entitled and ending with the month preceding the month in which the child:

- Attains the age of 18 years, benefits will continue from age 18 – 22 if he/she is a full time student,
- Marries or
- Is adopted
- Dies.

Definition of a DC:

A child or disabled adult may be the natural child, stepchild, adopted child, grandchild or step grandchild of the deceased wage earner:

- Who is living with the deceased wage earner at the time of their death, and
- If not the natural or adopted child, there must be evidence that the child was dependent upon the wage earner at time of death.
- Unmarried
- Under the age of 18, or between 18 -22 years and attending school.
- Disabled prior to the age of 22 years old.

Definition of Dependency:

Dependency is where a surviving child or impaired adult was dependent on the deceased wage earner for the regular, periodic payments of money or contributions of food, clothing, shelter, medical care, tuition and other necessities and services required for or by a child. Such contributions must constitute a substantial part of the ordinary living costs.

Amount of Benefit to be Paid

- The monthly amount of benefit is 15% of the basic monthly benefit applicable to the deceased at time of death.
- If there is more than one DC, each child is entitled to receive 15% of the basic benefit applicable to the deceased at time of death provided total benefit payment does not exceed 100% of basic monthly

What does it mean?

FULLY INSURED: To be "fully insured", a deceased wage earner must have contributed to the Social Security program at least one quarter for each year between the time he/she turned 21 years of age and date of death. For example, if a wage earner dies at 45 years of age, he must have contributed to the Social Security program for at least 24 quarters (45 - 21 = 24) to qualify as "fully insured".

CURRENTLY INSURED: To qualify as "currently insured", a person must have contributed into the Social Security program at least 8 quarters of taxable wages in the previous 13 quarters before becoming entitled to receive benefits. This means that within the three years and three months prior to applying or becoming entitled to receive benefits, a person worked at least two years.

benefit applicable to the deceased at time of death. If benefit payments will exceed 100% then these will be pro-rated accordingly.

- If there is a SP and DC, the benefit payments to SP and children will be pro-rated accordingly so payment does not exceed 100% of basic monthly benefit applicable to the deceased at time of death.
- Minimum monthly benefit where there is only one (1) DC is \$148.00.

Any surviving child who is in employment will be subject to an earnings test and depend on the amount earned, the benefit could be reduced.

Refer to Earning Test (ET) for further information

HOW ARE MONTHLY CHILD INSURANCE BENEFITS CALCULATED?

First, the "Basic Benefit" applicable to the deceased wage earner must be determined. The "Basic Benefit" is a monthly payment that is one-twelfth (1/12) of the total of:

1. 27% of the first \$11,000 of cumulative covered earnings; and
2. 2.9% of cumulative covered earnings in excess of \$11,000 but not in excess of the next \$33,000; and
3. 1.5% of cumulative covered earnings in excess of \$44,000 but not in excess of \$500,000.
4. .75% of anything in excess of \$500,000.00.

Below is a sample of how to calculate the basic benefit for a deceased wage earner with cumulative covered earnings of \$ 550,000.00:

Basic monthly benefit applicable to the deceased wage earner:

**\$11,142.00/ 12 mos. = \$928.50 + \$50 Supplemental
Benefit (SB)**

CHILD INSURANCE BENEFIT:

\$928.50 x 15% = \$139.27 per month + \$50 SB

FORMULA:	TOTAL:
$\$11,000 \times 27\%$	\$ 2,970.00
$\$33,000 \times 2.9\%$	\$ 957.00
$\$456,000.00 \times 1.5\%$	\$ 6,840.00
$\$50,000.00 \times .75\%$	\$375.00
TOTAL:	\$ 11,142.00

LUMP SUM (LS) BENEFIT

WHO IS ELIGIBLE?

Lump Sum (LS) Benefit is a one-time benefit payment to a survivor of the deceased wage earner who died and was fully or currently insured.

The LS Benefit is to be paid out as follows:

If after an insured wage earner dies and all rights to survivor's insurance benefits with respect to him or her have been terminated, a lump-sum benefit, less the amount of the benefits actually received by the

employee contributor, if any, shall be paid:

- To the spouse; or
- If there is no surviving spouse, to the children, or to any guardian or trustee for the children, in equal shares; or
- If there is no surviving spouse or child, to the parents in equal shares; or
- If there is no surviving spouse, child, or parent, to the duly appointed legal representative of the deceased; or
- If none of the preceding apply, to the person entitled to it under the laws and customs of the last domicile of the deceased

Can a LS Benefit be paid if Surviving Spouse or Surviving Child benefits are being paid out against the deceased wage earner?

No. If there are survivor benefits being paid then a LS benefit can only be paid once these have been terminated.

In the case of Surviving Spouse termination of the SP benefit would be death or remarriage.

In the case of Surviving Child termination of the DC benefit would be death, reaching the age of 18 years or 22 years if a student, marriage or adoption.

Residency Eligibility

Must be a Palauan citizen or of FSM nationality, USA nationality, and or a foreigner residing in Palau in accordance with labor and immigration laws.

When to apply for LS Benefit

Claimant should apply promptly as there are circumstances that may prevent benefit payments such as: More than one claimant, Lump sum payment already made.

Amount of Benefit to be Paid

An amount equal to 6% of the deceased wage earner's cumulative covered earnings, less the amount of benefits actually received by the wage earner and any survivor shall be paid.

For example, if the cumulative covered earnings of a deceased wage earner was \$80,000.00, the following calculation is made:

\$80,000 x 6% = \$4,800.00.

The one-time payment \$4,800.00.

However, if the deceased wage earner received \$3,500.00 in benefits, the lump sum payment will be \$1,300.00

(\$4,800.00 minus \$3,500.00=\$1,300)

THE DEATH OF A BENEFICIARY

When a beneficiary dies, his/her benefit is not payable for the month of death. For example, if a beneficiary died any time in July, the money received in **August** must be returned. The Social Security Administration must be notified of the death as soon as possible.

YOUR RESPONSIBILITIES

It is important to immediately notify us in person whenever you change your name, address, direct deposit account, representative 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 any 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.

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

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Social Security Administration**

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**Republic of Palau
Social Security Administration**

**SURVIVING/DEPENDENT
CHILD(REN) BENEFIT
and
LUMP-SUM (LS) BENEFIT**