



Republic of Palau
Office of the President

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August 20, 2013
Serial No. 13-323

Honorable Sabino Anastacio
Speaker
House of Delegates
9th Olbiil Era Kelulau
P.O. Box 8
Koror, PW 96940

Re: Signing Statement for Senate Bill No. 9-45, SD1, HD1, PD1.

Dear Speaker Anastacio:

Thank you for re-passing this bill in a timely manner and in accordance with my recommendations, as agreed. This bill is a companion bill to House Bill No. 9-8-1, HD1, SD2. These two bills cannot be considered separately from one another. The House Bill substantially increases the social security benefits for surviving spouses by allowing them to essentially 'double-dip' into the Social Security Fund and receive their surviving spouse benefit in addition to a retirement benefit or a disability benefit.

While the House Bill contains one side of the equation—an increase in benefits—the Senate Bill contains the other side of the equation: a fundamental restructuring of the way our Social Security System will function in order to secure the solvency of the Social Security Fund for the foreseeable future. The bill accomplishes this through two amendments to the social security law: (1) pushing the retirement age to 62 in 2015 and then 63 in 2020, and (2) the initiation of a dramatic increase in the amount of compensation that will be subject to the tax, which will result in more money being captured into the Fund. The bill increases the amount of compensation that is subject to the tax in a gradual manner. This change will gradually capture more of the earnings of our highest wage earners and without affecting our lowest wage earners. This ensures that everyone pays their fair share into the Social Security Fund. In addition, while securing the solvency of the Social Security Fund, the Senate Bill also increased the monthly basic benefit received by our lowest wage earners.

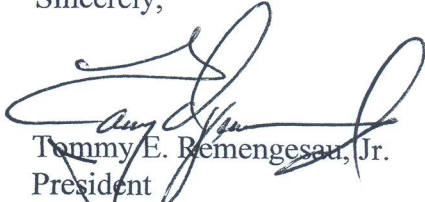
Finally, as a result of a meeting with the Ways and Means Committees in both houses, I thank the Olbiil Era Kelulau for agreeing with a recommended change upon referral in the form of the removal of the cap on the monthly basic benefit for our highest wage earners. Instead of a cap, our highest wage earners will see their monthly basic benefit increase, but the benefit will increase more slowly once their compensation subject to the tax hits a certain threshold. This compromise ensures that every contribution into the Fund will result in some form of a benefit increase. The bill reflects a balanced and fair social security system where everyone pays their fair share and everyone is adequately taken care of when they are unable to care for themselves.



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I am impressed with the coordination of the two houses in passing visionary legislation that will secure the solvency of our Social Security Fund for the foreseeable future. I am looking forward to continuing to develop a strong working relationship with both houses of the Olbiil Era Kelulau.

Sincerely,



Tommy E. Remengesau, Jr.
President
Republic of Palau

