I

104TH CONGRESS

2D SESSION H. R. 3758 To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to provide prospectively for personal retirement savings accounts to allow for more control by individuals over their Social Secu- rity retirement income, to provide for a limitation on payment of benefits payable from the Federal Old-Age and Survivors Insurance Trust Fund with respect to individuals with higher levels of income once payments of such benefits have exceeded prior contributions plus interest, and

to provide other reforms relating to benefits under such title II.

IN THE HOUSE OF REPRESENTATIVES

JULY 9, 1996 Mr. SMITH of Michigan introduced the following bill; which was referred to

the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to provide prospectively for per-
sonal retirement savings accounts to allow for more con-
trol by individuals over their Social Security retirement
income, to provide for a limitation on payment of benefits
payable from the Federal Old-Age and Survivors Insur-
ance Trust Fund with respect to individuals with higher
levels of income once payments of such benefits have
exceeded prior contributions plus interest, and to provide
other reforms relating to benefits under such title II.

2

•HR 3758 IH

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

4 This Act may be cited as the ‘‘Social Security Sol-
5 vency Act of 1996’’.

TABLE OF CONTENTS

Sec. 1. Short title. Sec. 2. Findings and purposes. TITLE I—INDIVIDUAL RETIREMENT SECURITY PROGRAM

Sec. 101. Reduction in Social Security trust fund contributions. Sec. 102. Individual retirement program and personal retirement savings ac- counts. Sec. 103. Adjustments to primary insurance amounts under part A of title II of the Social Security Act. Sec. 104. Tax treatment of personal retirement savings accounts. Sec. 105. Revenues from increases in income tax on Social Security benefits de- posited in OASDI trust funds. TITLE II—SOCIAL SECURITY BENEFIT REFORMS
Sec. 201. Limitation on payment of certain benefits in excess of contributions during years of higher income. Sec. 202. Gradual increase in retirement age and early retirement age. Sec. 203. Adjustments to bend points in determining primary insurance amounts. Sec. 204. Information relating to benefit limitations provided in Social Security account statements. Sec. 205. Coverage of newly hired State and local employees. Sec. 206. Phased reduction in spousal benefits other than survivor’s benefits to 33 percent of primary insurance amount.

6 SEC. 2. FINDINGS AND PURPOSES.

7 (a) FINDINGS.—The Congress makes the following

8 findings:
9 (1) America’s most popular Government pro-

10 gram, Social Security, is in jeopardy. The 1996
11 Board of Trustee’s report states that the current

3

•HR 3758 IH

1 system faces a actuarial deficit of 2.19 percent of
2 taxable payroll.

3 (2) The Social Security system was designed in
4 1935 as a pay-as-you-go system, in which current

5 workers support current retirees. This design worked
6 when America had 42 workers per beneficiary in
7 1945, but that ratio has fallen over time. In 1995

8 there are only 3.3 workers per beneficiary, and by
9 2060 the ratio is projected to fall to 1.8 workers per

10 beneficiary. To pay benefits to the rising number of
11 retirees, the Government has levied increasing FICA
12 taxes on a shrinking portion of the population.
13 These taxes have been increased 33 times since
14 1970.

15 (3) Life expectancy has risen substantially since

16 the creation of the Social Security system in 1935.
17 The original retirement age for Social Security was

18 65, but life expectancy at birth in 1935 was 61. Life
19 expectancy today is now 76, and it is projected to

20 grow to 81 over the next 75 years. The normal re-
21 tirement age today remains at 65, and is scheduled
22 for only a slight increase to 67 under current law.

23 (4) In 1983, the Congress and President
24 Reagan formed the bipartisan Greenspan Commis-
25 sion which agreed on historic legislation to ‘‘save So-

4

•HR 3758 IH

1 cial Security.’’ At that time, the Social Security Ad-
2 ministration actuaries warned that the System had

3 an unfunded liability equal to 1.82 percent of tax-
4 able payroll. The 1983 law eliminated this liability

5 temporarily. However, the actuaries now say that
6 the unfunded liability is 2.19 percent, worse than in
7 1983.

8 (5) According to The 1996 Board of Trustee’s
9 report the Social Security trust fund will be ex-

10 hausted by 2029. However, starting in 2012 benefits
11 will exceed income (excluding interest), and the trust
12 fund nonnegotiable IOUs will have to be tapped. The

13 Federal Government must then decide if it can pay
14 back those IOUs through tax increases, more bor-
15 rowing, cuts in Government programs, or cuts in So-

16 cial Security benefits.
17 (b) PURPOSES.—This Act is passed for the following

18 purposes:
19 (1) To restore the solvency of the Social Secu-

20 rity program in perpetuity, protecting the livelihoods
21 of millions of U.S. workers and retirees.
22 (2) To gradually replace the current ‘‘pay-as-

23 you-go’’ Social Security financing system with a true
24 retirement savings program over the next 75 to 100

25 years.

5

•HR 3758 IH

1 (3) To give workers and retirees more control
2 over and responsibility for their retirement savings

3 by allowing them to decide how their money is in-

4 vested.

5 (4) To increase retirement benefits and improve

6 the living standards of American seniors by allowing
7 them to take advantage of safe investment opportu-

8 nities that earn higher returns than those realized
9 under the current Social Security system.
10 (5) To stimulate the American economy by in-

11 creasing savings and investment. This will lead to
12 higher productivity, more jobs, and better wages.

13 (6) To protect the Social Security system for
14 the benefit of future generations of Americans.

15 TITLE I—INDIVIDUAL RETIRE-

16 MENT SECURITY PROGRAM

17 SEC. 101. REDUCTION IN SOCIAL SECURITY TRUST FUND
18 CONTRIBUTIONS.

19 (a) ANNUAL DECLARATION OF REALLOCATION PER-
20 CENTAGE.—Section 201 of the Social Security Act (42

21 U.S.C. 401) is amended by adding at the end the following
22 new subsection:

23 ‘‘Annual Declaration of Reallocation Percentage
24 ‘‘(n)(1) The Commissioner of Social Security shall

25 declare and publish in the Federal Register on or before

6

•HR 3758 IH

1 August 1 of each calendar year the reallocation percentage
2 for amounts otherwise appropriated for the following fiscal

3 year to the Federal Old-Age and Survivors Insurance 4 Trust Fund and the Federal Disability Insurance Trust 5 Fund under paragraphs (3) and (4) of subsection (a) and

6 under paragraphs (1) and (2) of subsection (b).
7 ‘‘(2) For purposes of this title—

8 ‘‘(A) The term ‘reallocation percentage’ for any
9 fiscal year means the Commissioner’s best estimate

10 of the maximum percentage by which the amounts
11 described in paragraph (1) for such fiscal year may
12 be reduced—

13 ‘‘(i) in any case in which such fiscal year
14 precedes fiscal year 2012, so as to maintain a

15 linear annual reduction in the trust funds per-
16 formance ratio from the amount of such ratio
17 for the fiscal year preceding such fiscal year to

18 an amount of such ratio for 2012 equal to 1.00,

19 and

20 ‘‘(ii) in any case in which such fiscal year

21 is a fiscal year after fiscal year 2011, so as to
22 maintain a trust funds performance ratio for

23 such fiscal year of 1.00.
24 In making the estimate under this paragraph, the

25 Commissioner shall utilize the intermediate actuarial

7

•HR 3758 IH

1 assumptions utilized by the Board of Trustees of the
2 Trust Funds for its most recent annual report is-
3 sued under subsection (c).

4 ‘‘(B) The term ‘‘trust funds performance ratio’’

5 means, for any fiscal year, the ratio of—
6 ‘‘(i) the total amount which (as estimated
7 by the Commissioner of Social Security) will be

8 paid into the Federal Old-Age and Survivors

9 Insurance Trust Fund and the Federal Disabil-
10 ity Insurance Trust Fund during such fiscal
11 year—
12 ‘‘(I) including the taxes transferred

13 under subsection (a) at any time during
14 such year,
15 ‘‘(II) disregarding loans (and interest

16 thereon) made to either such Trust Fund
17 from the Federal Hospital Insurance Trust

18 Fund under subsection (l),
19 ‘‘(III) disregarding any transfer pay-

20 ments between such Trust Funds, and
21 ‘‘(IV) reducing the amount of any
22 transfers into either such Trust Fund from

23 the Railroad Retirement Account by the
24 amount of any transfers from either such
25 Trust Fund to such Account,

8

•HR 3758 IH

1 to
2 ‘‘(ii) the total amount which (as estimated

3 by the Commissioner of Social Security) will be
4 paid from the Federal Old-Age and Survivors

5 Insurance Trust Fund and the Federal Disabil-

6 ity Insurance Trust Fund during such fiscal
7 year for all purposes authorized by this sec-
8 tion—

9 ‘‘(I) disregarding payments of interest
10 on (and repayments of) loans from the

11 Federal Hospital Insurance Trust Fund
12 under subsection (l),

13 ‘‘(II) disregarding any transfer pay-
14 ments between such Trust Funds, and
15 ‘‘(III) reducing the amount of any

16 transfers to the Railroad Retirement Ac-
17 count by the amount of any transfers into
18 either such Trust Fund from that Ac-
19 count.’’.

20 (b) REDUCTION IN TRUST FUND CONTRIBUTIONS.—

21 Section 201 of such Act (as amended by subsection (a))
22 is amended further by adding at the end the following new
23 subsection:

9

•HR 3758 IH

1 ‘‘Reduction in Trust Fund Contributions
2 ‘‘(o) Under regulations prescribed by the Commis-

3 sioner of Social Security (in consultation with the Sec-4 retary of the Treasury) to carry out this subsection, in

5 any case in which a covered employee or a covered self-
6 employed individual has elected to enter into elective re-
7 tirement status under section 251(a), the amounts appro-

8 priated for any fiscal year under paragraphs (3) and (4) 9 of subsection (a) and under paragraphs (1) and (2) of sub-10 section (b), to the extent attributable to taxes paid with

11 respect to such employee or individual during such fiscal
12 year, shall be reduced by the reallocation percentage for

13 such fiscal year.’’.

14 SEC. 102. INDIVIDUAL RETIREMENT PROGRAM AND PER-

15 SONAL RETIREMENT SAVINGS ACCOUNTS.

16 (a) IN GENERAL.—Title II of the Social Security Act
17 is amended—

18 (1) by inserting before section 201 the follow-
19 ing:
20 ‘‘PART A—INSURANCE BENEFITS’’;

21 and
22 (2) by adding at the end the following new part:

10

•HR 3758 IH

1 ‘‘PART B—INDIVIDUAL RETIREMENT SECURITY
2 PROGRAM
3 ‘‘ELECTIVE RETIREMENT STATUS

4 ‘‘SEC. 251. (a) ELECTION.—
5 ‘‘(1) IN GENERAL.—Under regulations pre-

6 scribed by the Commissioner of Social Security, an
7 individual who is a covered employee or a covered

8 self-employed individual may elect, in writing filed
9 with the Commissioner, to enter into elective retire-

10 ment status, if—
11 ‘‘(A) the election designates, in such form
12 and manner as may be prescribed in such regu-

13 lations, one or more personal retirement savings
14 accounts to which contributions with respect to

15 the individual are to be made under subsection

16 (b),
17 ‘‘(B) the election sets forth or is accom-

18 panied by the individual’s consent to the adjust-
19 ment to his primary insurance amount under
20 section 215(j), and

21 ‘‘(C) no benefit or other payment under
22 part A this title or under title XVIII on the

23 basis of the individual’s wages and self-employ-
24 ment income has become payable at or before

25 the date of the election.

11

•HR 3758 IH

1 The individual may designate other personal retire-
2 ment savings accounts in lieu of or in addition to ac-

3 counts previously designated, in accordance with reg-
4 ulations of the Secretary of the Treasury.
5 ‘‘(2) ADDITIONAL RULES.—Reductions pursu-

6 ant to an election under this subsection shall apply
7 with respect to calendar years after the calendar

8 year in which the application for the election is filed.
9 Any election made under paragraph (1) shall take

10 effect only if the election is made during the period
11 beginning October 1 and ending November 30 pre-
12 ceding the first calendar year for which it is effec-

13 tive. Any election under this subsection shall be ir-

14 revocable.

15 ‘‘(3) ELECTIVE RETIREMENT STATUS.—For

16 purposes of this part—
17 ‘‘(A) COVERED EMPLOYEES.—A covered

18 employee is in ‘elective retirement status’ for a
19 calendar year if, as of January 1 of such cal-

20 endar year, such employee has made an effec-
21 tive election under this subsection.
22 ‘‘(B) COVERED SELF-EMPLOYED INDIVID-

23 UALS.—A covered self-employed individual is in
24 ‘elective retirement status’ for a taxable year if,

25 as of the first day of such taxable year, such in-

12

•HR 3758 IH

1 dividual has made an effective election under
2 this subsection.
3 ‘‘(b) DEPOSITS INTO PERSONAL RETIREMENT SAV-

4 INGS ACCOUNTS.—Within 10 business days after receipt
5 during any fiscal year of taxes paid under sections 3101(a)

6 and 3111(a) of the Internal Revenue Code of 1986 with
7 respect to a covered employee in elective retirement status,

8 and within 10 business days after receipt during any fiscal 9 year of taxes paid under section 1401(a) of such Code with

10 respect to a covered self-employed individual in elective re-
11 tirement status, the Secretary of the Treasury, from
12 amounts otherwise available in the general fund of the

13 Treasury, shall deposit, into such personal retirement sav-14 ings accounts as are designated under subsection (a), a

15 total amount equal to the product derived by multiplying
16 the amount of such taxes by the reallocation percentage
17 declared for such fiscal year under section 201(n).
18 ‘‘DESIGNATION OF ACCOUNTS OF SURVIVING SPOUSES
19 AND SURVIVING DIVORCED SPOUSES

20 ‘‘SEC. 252. (a) IN GENERAL.—Except as provided in 21 subsection (b), in the case of a deceased individual with

22 respect to whom a personal retirement savings account
23 was established and maintained pursuant to section
24 251(b), the trustee of such account shall transfer the bal-

25 ance in such account to a personal retirement savings ac-26 count maintained by an eligible survivor if such account

13

•HR 3758 IH

1 is designated by the eligible survivor to the trustee not
2 later than 20 business days after the date of such individ-

3 ual’s death. Any such designation shall be made in such 4 form and manner as may be prescribed in regulations of
5 the Commissioner of Social Security, in consultation with

6 the Secretary of the Treasury.
7 ‘‘(b) DESIGNATION IN ABSENCE OF TIMELY DES-

8 IGNATION BY ELIGIBLE SURVIVOR.—In any case in which, 9 upon the expiration of such 20-day period, there is an eli-

10 gible survivor but no timely designation of a personal re-
11 tirement savings account is made by the eligible survivor
12 under subsection (a), the trustee shall make the designa-

13 tion of the personal retirement savings account under sub-14 section (a) on behalf of such eligible survivor, in accord-
15 ance with regulations of the Commissioner of Social Secu-

16 rity prescribed in consultation with the Secretary of the
17 Treasury.
18 ‘‘(c) DISPOSITION OF ACCOUNT BALANCE WHERE

19 NO ELIGIBLE SURVIVOR EXISTS.—In any case in which,

20 upon the expiration of such 20-day period no timely des-
21 ignation under subsection (b) has been made and there
22 is no eligible survivor, the trustee of the deceased individ-
23 ual’s account shall transfer the balance in such account

24 to the deceased individual’s estate within the period of 20

14

•HR 3758 IH

1 business days following the expiration of such 20-day pe-
2 riod.
3 ‘‘QUARTERLY REPORTS BY TRUSTEES
4 ‘‘SEC. 253. (a) IN GENERAL.—The trustee of a per-

5 sonal retirement savings account shall make quarterly re-6 ports concerning the status of the account. Each quarterly

7 report shall be furnished to the account holder on or be-
8 fore the 30th day following the calendar quarter for which
9 the report is required.
10 ‘‘(b) INFORMATION REQUIRED TO BE INCLUDED.—

11 The quarterly report shall contain the following informa-

12 tion for transactions occurring during the calendar quar-
13 ter for which the report is required:
14 ‘‘(1) The balance in the account.
15 ‘‘(2) The amount of elective retirement con-
16 tributions.

17 ‘‘(3) The amount of distributions.

18 ‘‘(4) The name and address of the trustee.
19 ‘‘(5) Commission fees and fees for administra-

20 tive expenses charged in connection with the ac-

21 count.
22 The language of the report shall be written in a form so
23 as to be understood by the average covered employee.
24 ‘‘(c) REPORTS TO COMMISSIONER.—The Commis-

25 sioner of Social Security may require the quarterly report 26 to be filed with the Social Security Administration at such

15

•HR 3758 IH

1 time as the Commissioner may specify in regulations
2 under this section.
3 ‘‘DEFINITIONS
4 ‘‘SEC. 254. For purposes of this part—
5 ‘‘(1) PERSONAL RETIREMENT SAVINGS AC-

6 COUNT.—The term ‘personal retirement savings ac-
7 count’ has the meaning provided in section 408A(b)

8 of the Internal Revenue Code of 1986.
9 ‘‘(2) COVERED EMPLOYER.—The term ‘covered

10 employer’ means, for any calendar year, any person
11 on whom an excise tax is imposed under section

12 3111 of the Internal Revenue Code of 1986 with re-
13 spect to having an individual in his employ to whom
14 wages are paid by such person during such calendar

15 year.
16 ‘‘(3) COVERED EMPLOYEE.—The term ‘covered
17 employee’ means, for any calendar year, any individ-

18 ual with respect to whose employment by a covered
19 employer during such calendar year there is imposed
20 an excise tax under section 3111 of the Internal
21 Revenue Code of 1986.

22 ‘‘(4) COVERED SELF-EMPLOYED INDIVIDUAL.—

23 The term ‘covered self-employed individual’ means
24 any individual on whose self-employment income for

25 a taxable year there is imposed a tax under section
26 1401(a) of the Internal Revenue Code of 1986.

16

•HR 3758 IH

1 ‘‘(5) ELECTIVE RETIREMENT CONTRIBUTION.—
2 The term ‘elective retirement contribution’ means,

3 with respect to any employee or other individual in
4 elective retirement status, an amount deposited with

5 respect to such employee or other individual into a
6 personal retirement savings account pursuant to sec-
7 tion 251(b).

8 ‘‘(6) ELIGIBLE SURVIVOR.—The term ‘eligible

9 survivor’ of a deceased individual means such indi-

10 vidual’s widow or, if there is no such widow, such in-

11 dividual’s last surviving divorced wife or surviving
12 divorced husband. Such term shall not include any

13 such surviving divorced wife or surviving divorced

14 husband who is married on the date of the deceased
15 individual’s death.
16 ‘‘(7) BUSINESS DAY.—The term ‘business day’
17 means any day other than a Saturday, Sunday, or

18 legal holiday in the area involved.

19 ‘‘PENALTIES
20 ‘‘SEC. 256. (a) FAILURE BY TRUSTEE TO MAKE

21 TIMELY TRANSFERS.—If the balance in the personal re-

22 tirement savings account of a deceased individual is not
23 transferred by the trustee within the time prescribed by
24 section 253—

17

•HR 3758 IH

1 ‘‘(1) the trustee shall be subject to a civil pen-
2 alty of not to exceed 50 percent of the amount of

3 the balance, and
4 ‘‘(2) shall be liable—
5 ‘‘(A) in the case of a transfer required to

6 be made to another personal retirement savings
7 account, to the widow or the surviving divorced

8 wife or surviving divorced husband (as the case
9 may be), or
10 ‘‘(B) in the case of a transfer required to

11 be made to the Federal Old-Age and Survivors
12 Insurance Trust Fund, to such Trust Fund,

13 for interest on the balance at the underpayment rate

14 determined under section 6621 of the Internal Reve-

15 nue Code of 1986 from the last day by which such

16 balance was required to be so transferred to the date
17 on which such balance is transferred to the des-

18 ignated personal retirement savings account.
19 ‘‘(b) FAILURE BY TRUSTEE TO MAKE TIMELY QUAR-

20 TERLY REPORTS.—The trustee of a personal retirement
21 savings account shall be subject to a civil penalty of not
22 to exceed $100 a day from the date of such trustee’s fail-

23 ure or refusal to furnish the quarterly report required to 24 be furnished by the trustee under section 254 until the

25 date on which such report is furnished.

18

•HR 3758 IH

1 ‘‘(c) RULES FOR APPLICATION OF SECTION.—
2 ‘‘(1) PENALTIES ASSESSED BY COMMIS-

3 SIONER.—Any civil penalty assessed by this section
4 shall be imposed by the Commissioner of Social Se-

5 curity and collected in a civil action.
6 ‘‘(2) COMPROMISES.—The Commissioner may
7 compromise the amount of any civil penalty imposed

8 by this section.
9 ‘‘(3) AUTHORITY TO WAIVE PENALTY IN CER-
10 TAIN CASES.—The Commissioner may waive the ap-

11 plication of this section with respect to any failure
12 if the Commissioner determines that such failure is
13 due to reasonable cause and not to intentional dis-

14 regard of rules and regulations.’’
15 (b) EFFECTIVE DATE AND NOTICE REQUIRE-

16 MENTS.—
17 (1) EFFECTIVE DATE.—The amendments made

18 by subsection (a) shall apply with respect to wages
19 paid after December 31, 1997, for pay periods end-

20 ing after such date and self-employment income for
21 taxable years beginning after such date.
22 (2) NOTICE REQUIREMENTS.—
23 (A) IN GENERAL.—Not later than October

24 1, 1997, the Commissioner of Social Security

25 shall—

19

•HR 3758 IH

1 (i) send to the last known address of
2 each eligible individual a description of the

3 program established by the amendments
4 made by this Act, which shall be written in

5 the form of a pamphlet in language which
6 may be readily understood by the average
7 worker,

8 (ii) provide for toll-free access by tele-
9 phone from all localities in the United
10 States to the Social Security Administra-

11 tion through which individuals may obtain
12 information and answers to questions re-

13 garding such program, and
14 (iii) provide information to the media

15 in all localities of the United States about
16 such program and such toll-free access by
17 telephone.

18 (B) ELIGIBLE INDIVIDUAL.—For purposes
19 of this paragraph, the term ‘‘eligible individual’’

20 means an individual who, as of the date of the
21 pamphlet sent pursuant to subparagraph (A), is
22 indicated within the records of the Social Secu-

23 rity Administration as—
24 (i) not having attained age 65, and

20

•HR 3758 IH

1 (ii) being credited with one or more
2 quarters of coverage under section 213 of

3 the Social Security Act.
4 (C) MATTERS TO BE INCLUDED.—The
5 Commissioner shall include with the pamphlet

6 sent to each eligible individual pursuant to sub-
7 paragraph (A)—

8 (i) a statement of the number of quar-
9 ters of coverage indicated in the records of
10 the Social Security Administration as of

11 the date of the description as credited to
12 such individual under section 213 of the

13 Social Security Act and the date as of
14 which such records may be considered ac-

15 curate, and
16 (ii) the number for toll-free access by
17 telephone established by the Commissioner

18 pursuant to subparagraph (A).

19 SEC. 103. ADJUSTMENTS TO PRIMARY INSURANCE

20 AMOUNTS UNDER PART A OF TITLE II OF THE

21 SOCIAL SECURITY ACT.
22 (a) IN GENERAL.—Section 215 of the Social Security

23 Act (42 U.S.C. 415) is amended by adding at the end the 24 following new subsection:

21

•HR 3758 IH

1 ‘‘Adjustment of Primary Insurance Amount of Covered
2 Employees and Covered Self-Employed Individuals
3 in Elective Retirement Status Under Part B

4 ‘‘(j)(1) Except as provided in paragraph (2), in the
5 case of an individual who is a covered employee (as defined

6 under section 254(3)) or a covered self-employed individ-
7 ual (as defined under section 254(4)) and who is in elec-

8 tive retirement status (as defined in section 251(a)(3)), 9 such individual’s primary insurance amount as determined
10 in accordance with this section (before adjustments made

11 under subsection (i)) shall be equal to the excess (if any)
12 of—
13 ‘‘(A) the amount which would be so determined

14 if this subsection did not apply, over
15 ‘‘(B) the actuarial present value, as of the date

16 of the determination of such amount, of the total
17 amount of the elective retirement contributions paid

18 or payable under section 251 with respect to such
19 individual, assuming an interest rate, compounded

20 annually, at 4.3 percent.
21 ‘‘(2)(A) In the case of an individual described in
22 paragraph (1) who becomes entitled to disability insurance

23 benefits under section 223, such individual’s primary in-24 surance amount shall be determined without regard to
25 paragraph (1).

22

•HR 3758 IH

1 ‘‘(B) For any month ending after an individual de-
2 scribed in subparagraph (A) has attained age 60, such in-

3 dividual’s primary insurance amount as determined in ac-4 cordance with this section (before subsequent adjustments 5 made under subsection (i)) shall be equal the product de-

6 rived by multiplying—
7 ‘‘(i) the amount which would be so determined

8 if this subsection did not apply, by
9 ‘‘(ii) the applicable percentage determined

10 under the following table:

‘‘If the number of such individual’s quarters of coverage (within the meaning of section 213(a)(2)) as of the end of such month in which
he or she attains age 60 (or, if later, the first month of The applicable

entitlement) is: percentage is: Less than 9... 100 percent. More than 8 but less than 21................................... 90 percent. More than 20 but less than 61................................. 80 percent. More than 60 but less than 101............................... 70 percent. More than 100 but less than 141............................. 60 percent. More than 140... 50 percent.’’

11 (b) CONFORMING AMENDMENT TO RAILROAD RE-
12 TIREMENT ACT OF 1974.—Section 1 of the Railroad Re-

13 tirement Act of 1974 (45 U.S.C. 231) is amended by add-

14 ing at the end the following:
15 ‘‘(s) In applying applicable provisions of the Social
16 Security Act for purposes of determining the amount of

17 the annuity to which an individual is entitled under this 18 Act, such individual shall not be treated as in ‘elective re-

23

•HR 3758 IH

1 tirement status’ as defined in section 251(a)(3) of the So-
2 cial Security Act.’’

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply with respect to months after De-

5 cember 1997.

6 SEC. 104. TAX TREATMENT OF PERSONAL RETIREMENT
7 SAVINGS ACCOUNTS.

8 (a) IN GENERAL.—Subpart A of part I of subchapter
9 D of chapter 1 of the Internal Revenue Code of 1986 (re-
10 lating to pension, profit-sharing, stock bonus plans, etc.)

11 is amended by inserting after section 408 the following
12 new section:
13 ‘‘SEC. 408A. PERSONAL RETIREMENT SAVINGS ACCOUNTS.

14 ‘‘(a) GENERAL RULE.—Gross income shall not in-

15 clude any amount deposited in a personal retirement sav-
16 ings account under section 251 or 252 of the Social Secu-
17 rity Act.
18 ‘‘(b) PERSONAL RETIREMENT SAVINGS ACCOUNT.—

19 For purposes of this title, the term ‘personal retirement
20 savings account’ means a trust created or organized in the

21 United States for the exclusive benefit of an individual or
22 his beneficiaries, but only if the written governing instru-

23 ment creating the trust meets the following requirements:

24

•HR 3758 IH

1 ‘‘(1) No contribution will be accepted other
2 than under sections 251 and 252 of the Social Secu-

3 rity Act.
4 ‘‘(2) No amount may be paid or distributed

5 from such trust before the date on which the ac-

6 count holder attains age 60, becomes entitled to dis-
7 ability insurance benefits under section 223 of the

8 Social Security Act, or dies.
9 ‘‘(3) The trustee is a bank (as defined in sec-
10 tion 408(n)) or such other person who demonstrates

11 to the satisfaction of the Secretary that the manner
12 in which such other person will administer the trust

13 will be consistent with the requirements of this sec-

14 tion.

15 ‘‘(4) No part of the trust fund is invested in life

16 insurance contracts.
17 ‘‘(5) The interest of an individual in the bal-
18 ance in his account is nonforfeitable.

19 ‘‘(6) The assets of the trust will not be commin-

20 gled with other property except in a common trust
21 fund or common investment fund.
22 ‘‘(7) Under the terms governing the account,

23 contributions will be accepted irrespective of the

24 amount of the contribution.

25

•HR 3758 IH

1 ‘‘(8) The same requirements as are applicable
2 with respect to trusts under paragraph (11) of sec-

3 tion 401(a) are met with respect to the account (dis-
4 regarding subparagraph (B) thereof), as if the annu-

5 ity starting date with respect to the account holder
6 is the day on which the account holder attains age
7 60 or becomes entitled to disability insurance bene-

8 fits under section 223 of the Social Security Act.
9 Paragraphs (1), (2), and (8) shall not apply to direct

10 trustee-to-trustee transfers between personal retirement
11 savings accounts of the same individual.
12 ‘‘(c) INVESTMENT REQUIREMENTS.—Amounts held
13 in an individual’s account shall be invested in the manner

14 described in paragraph (1), (2), or (3), or in a manner

15 consisting of any combination thereof.
16 ‘‘(1) Investments under this paragraph may be
17 in the form of securities of the United States Gov-
18 ernment.

19 ‘‘(2) Investments under this paragraph may be

20 in the form of—

21 ‘‘(A) insurance contracts,
22 ‘‘(B) certificates of deposit, or

23 ‘‘(C) other instruments or obligations se-
24 lected by qualified professional asset managers,

26

•HR 3758 IH

1 which return the amount invested and pay interest,
2 at a specified rate or rates, on that amount during

3 a specified period of time.
4 ‘‘(3) Investments under this paragraph may be

5 in the form of a portfolio of common stock designed
6 to replicate the performance of an index which shall
7 be selected by the trustee, under standards which

8 shall be prescribed in regulations of the Secretary
9 applying for purposes of this paragraph the same
10 principles as are applicable under section 8438(b)(2)

11 of title 5, United States Code. Such index must be
12 a commonly recognized index comprised of common

13 stock the aggregate market value of which is a rea-
14 sonably complete representation of the United States

15 equity markets. The portfolio shall be designed such
16 that, to the extent practicable, the percentage of the
17 total amount invested in the manner described in

18 this paragraph that is invested in each stock is the
19 same as the percentage determined by dividing the

20 aggregate market value of all shares of that stock
21 by the aggregate market value of all shares of all
22 stocks included in such index.
23 ‘‘(d) ACCOUNT EXEMPT FROM TAX.—

24 ‘‘(1) GENERAL RULE.—Except as provided in
25 paragraph (2), any personal retirement savings ac-

27

•HR 3758 IH

1 count is exempt from taxation under this subtitle.
2 Notwithstanding the preceding sentence, any such

3 account is subject to the taxes imposed by section
4 511 (relating to imposition of tax on unrelated busi-
5 ness income of charitable, etc. organizations).

6 ‘‘(2) APPLICATION OF PROHIBITED TRANS-
7 ACTIONS RULES, ETC.—Rules similar to the rules of

8 paragraphs (2), (3), and (4) of section 408(e) shall
9 apply to personal retirement savings accounts.
10 ‘‘(e) DISTRIBUTIONS TAXED AS IF SOCIAL SECURITY

11 BENEFITS.—
12 ‘‘(1) GENERAL RULE.—Amounts paid or dis-

13 tributed from a personal retirement savings account
14 shall be includible in gross income only if so includ-

15 ible under section 86, determined by treating such
16 amounts as Social Security benefits (as defined in
17 such section).
18 ‘‘(2) TRUSTEE-TO-TRUSTEE TRANSFERS.—No

19 amount shall be includible in gross income by reason

20 of a direct trustee-to-trustee transfer between per-
21 sonal retirement savings accounts of the same indi-
22 vidual.
23 ‘‘(f) CERTAIN OTHER RULES TO APPLY.—The fol-

24 lowing rules shall apply to personal retirement savings ac-

28

•HR 3758 IH

1 counts in the same manner that such rules apply to indi-
2 vidual retirement accounts:

3 ‘‘(1) Section 408(h) (relating to custodial ac-
4 counts)
5 ‘‘(2) Sections 408(i) and 6693 (relating to re-

6 ports).
7 ‘‘(3) Section 4975 (relating to prohibited trans-
8 actions).’’

9 (b) CLERICAL AMENDMENT.—The table of sections

10 for such subpart A is amended by inserting after the item
11 relating to section 408 the following new item:

‘ ‘Sec. 408A. Personal retirement savings accounts.’’

12 (c) EFFECTIVE DATE.—The amendments made by

13 this section shall apply to taxable years beginning after
14 December 31, 1997.
15 SEC. 105. REVENUES FROM INCREASES IN INCOME TAX ON
16 SOCIAL SECURITY BENEFITS DEPOSITED IN
17 OASDI TRUST FUNDS.

18 Subparagraph (B) of section 121(e)(1) of the Social

19 Security Amendments of 1983 (Public Law 98–21, 42
20 U.S.C. 401 note) is amended to read as follows:

21 ‘‘(B)(i) There are hereby appropriated to
22 the hospital insurance trust fund amounts equal

23 to the increase in tax liabilities described in

24 subparagraph (A)(ii) with respect to taxable
25 years beginning before January 1, 1998.

29

•HR 3758 IH

1 ‘‘(ii) There are hereby appropriated to
2 each payor fund amounts equal to the increase

3 in tax liabilities described in subparagraph
4 (A)(ii), with respect to taxable years beginning

5 after December 31, 1997, which is attributable
6 to the application of sections 86 and 871(a)(3)
7 of such Code to payments from such payor
8 fund.

9 ‘‘(iii) Such appropriated amounts shall be

10 transferred from the general fund of the Treas-
11 ury on the basis of estimates of such tax liabil-
12 ities made by the Secretary of the Treasury.

13 Transfers shall be made pursuant to a schedule
14 made by the Secretary of the Treasury that

15 takes into account estimated timing of collec-
16 tion of such liabilities.’’

17 TITLE II—SOCIAL SECURITY
18 BENEFIT REFORMS

19 SEC. 201. LIMITATION ON PAYMENT OF CERTAIN BENEFITS

20 IN EXCESS OF CONTRIBUTIONS DURING

21 YEARS OF HIGHER INCOME.
22 (a) IN GENERAL.—Section 202 of the Social Security

23 Act (42 U.S.C. 402) is amended by adding at the end the 24 following new subsection:

30

•HR 3758 IH

1 ‘‘LIMITATION ON PAYMENT OF CERTAIN BENEFITS IN EX-
2 CESS OF CONTRIBUTIONS DURING YEARS OF HIGHER
3 INCOME

4 ‘‘(y)(1) Notwithstanding any other provision of this

5 title, if, with respect to any year of higher income for an
6 individual—
7 ‘‘(A) the total amount of the current adjusted

8 values of all of such individual’s social security old-
9 age or survivors benefits in prior months, deter-

10 mined as of the beginning of such year, exceed
11 ‘‘(B) the total amount of the current adjusted
12 values of all OASDI taxes paid with respect to the

13 wages and self-employment income on which such
14 benefits are based, determined as of the beginning

15 of such year,
16 then such individual’s social security old-age or survivors
17 benefits for any month in such year shall be reduced (after

18 all other deductions and reductions applicable under this 19 title) by the percentage reduction determined under para-
20 graph (2) for such year. Benefits, as reduced under this

21 paragraph, if not a multiple of $1, shall be increased to
22 the next higher multiple of $1.

23 ‘‘(2)(A) The percentage reduction determined under
24 this paragraph for an individual’s taxable year is the prod-

25 uct derived by multiplying—

31

•HR 3758 IH

1 ‘‘(i) 1 percent, by
2 ‘‘(ii) the applicable income-based factor of the

3 individual for the taxable year.
4 ‘‘(B)(i) For purposes of subparagraph (A), in the

5 case of an individual who is not married as of the begin-
6 ning of the taxable year, the applicable income-based fac-
7 tor of the individual for the taxable year is the quotient

8 (not greater than 100) derived by dividing—
9 ‘‘(I) the individual’s excess income for the tax-

10 able year, by
11 ‘‘(II) $300,
12 rounded (if not a whole number) to the next lower whole
13 number.

14 ‘‘(ii) For purposes of clause (i), an individual’s excess

15 income for a taxable year is the excess of—
16 ‘‘(I) the adjusted gross income of such individ-
17 ual for such taxable year, over

18 ‘‘(II) $50,000.
19 ‘‘(C)(i) For purposes of subparagraph (A), in the

20 case of an individual who is married as of the beginning
21 of the taxable year, the applicable income-based factor of
22 the individual for the taxable year is the quotient (not

23 greater than 100) derived by dividing—
24 ‘‘(I) the excess joint income of the individual
25 and the individual’s spouse for the taxable year, by

32

•HR 3758 IH

1 ‘‘(II) $600,
2 rounded (if not a whole number) to the next lower whole
3 number.

4 ‘‘(ii) For purposes of clause (i), the excess joint in-
5 come of an individual and the individual’s spouse for a

6 taxable year is the excess of—
7 ‘‘(I) the total adjusted gross income of such in-

8 dividual and such individual’s spouse for such tax-
9 able year, over
10 ‘‘(II) $100,000.

11 ‘‘(D)(i) For taxable years ending after December 31,
12 1998, the dollar amounts referred to in subparagraphs (B)

13 and (C) shall each be adjusted as provided in this subpara-14 graph. The Commissioner of Social Security shall, on or

15 before November 1 of 1998 and every year thereafter, de-
16 termine and publish in the Federal Register the dollar
17 amounts referred to in subparagraphs (B) and (C) as ad-

18 justed under this subparagraph for taxable years ending 19 after December 31 of such year.
20 ‘‘(ii) The amount of each such dollar amount as ad-

21 justed under this subparagraph shall be the larger of—
22 ‘‘(I) the dollar amount in effect for the taxable

23 year ending in or with the calendar year in which
24 the determination under this subparagraph is made,

25 or

33

•HR 3758 IH

1 ‘‘(II) the product of such dollar amount and the
2 ratio of the national average wage index (as defined

3 in section 209(k)(1)) for the calendar year preceding
4 the calendar year in which the determination under

5 this subparagraph is made to the national average
6 wage index (as so defined) for 1996,
7 with such product, if not a multiple of $10, being rounded

8 to the next higher multiple of $10 where such amount is 9 a multiple of $5 but not of $10 and to the nearest multiple 10 of $10 in any other case.

11 ‘‘(3) For purposes of this subsection—
12 ‘‘(A) The term ‘year of higher income’ for an

13 individual means any taxable year—
14 ‘‘(i) if, in the case of an individual who is

15 not married as of the beginning of such taxable
16 year, the adjusted gross income of such individ-
17 ual for such taxable year (disregarding distribu-

18 tions from personal retirement savings accounts
19 (as defined in section 254(1)) exceeds $50,000,

20 or

21 ‘‘(ii) if, in the case of an individual who is
22 married as of the beginning of such taxable

23 year, the total adjusted gross income of such in-
24 dividual and such individual’s spouse for such
25 taxable year (disregarding distributions from

34

•HR 3758 IH

1 personal retirement savings accounts (as de-
2 fined in section 254(1)) exceeds $100,000.

3 ‘‘(B) The term ‘adjusted gross income’ has the
4 meaning provided in section 62 of the Internal Reve-

5 nue Code of 1986.
6 ‘‘(C)(i) The term ‘current adjusted value’ of an
7 amount, determined as of the beginning of any cal-

8 endar year, means the original amount, plus interest
9 on such amount, compounded annually through the

10 end of the preceding calendar year at the trust fund
11 interest rate as in effect from year to year.
12 ‘‘(ii) The term ‘trust fund interest rate’ in ef-

13 fect for any year means the average rate of interest
14 earned during the fiscal year ending in such year
15 on investments of amounts in the Federal Old-Age

16 and Survivors Insurance Trust Fund and the Fed-
17 eral Disability Insurance Trust Fund, as determined

18 by the Managing Trustee of such Trust Funds.
19 ‘‘(D) The term ‘social security old-age or survi-
20 vors benefit’ of an individual means a monthly insur-

21 ance benefit under this title based on the wages and
22 self-employment income of such individual and paid

23 or payable from the Federal Old-Age and Survivors

24 Insurance Trust Fund.

35

•HR 3758 IH

1 ‘‘(E) The term ‘OASDI taxes’ means the taxes
2 imposed under sections 1401(a), 3101(a), and
3 3111(a) of the Internal Revenue Code of 1986.

4 ‘‘(4) The Commissioner of Social Security shall pro-

5 vide by regulation for the maintenance of such records,
6 relating to individuals to whom social security old-age or
7 survivors benefits are otherwise payable under this section,

8 of total benefits paid and OASDI taxes paid, as is nec-9 essary to preclude, to the maximum extent practicable,

10 overpayments and underpayments of benefits resulting
11 from the operation of this subsection. The Commissioner
12 and the Secretary of the Treasury shall enter into such

13 arrangements as are necessary to ensure that such records 14 maintained by the Commissioner are currently accurate at

15 all times.

16 ‘‘(5)(A) In any case in which a taxable year of an
17 individual is a year of higher income for such individual,

18 if a social security old-age or survivors benefit has been 19 paid to such individual for any month in such year, such
20 individual (or the individual who is in receipt of such bene-

21 fit on his behalf) shall make a report to the Commissioner
22 of Social Security of his adjusted gross income, and (if

23 he is married) the adjusted gross income of his spouse, 24 for such taxable year. Such report shall be made on or

25 before the fifteenth day of the fourth month following the

36

•HR 3758 IH

1 close of such year, and shall contain such information and
2 be made in such manner as the Commissioner may by reg-

3 ulations prescribe. The Commissioner may grant a reason-4 able extension of time for making such report if he finds

5 that there is valid reason for a delay, but in no case may
6 the period be extended more than three months.
7 ‘‘(B) If an individual fails to make a report required

8 under subparagraph (A), within the time prescribed by or 9 in accordance with such subparagraph, for any taxable
10 year and a benefit based on such individual’s wages and

11 self-employment income is paid for any month in such tax-
12 able year or the next following taxable year which is in

13 excess of the amount payable by reason of this subsection, 14 he shall be deemed to have been overpaid for such month

15 an additional amount as follows:

16 ‘‘(i) in the case of the first such month for
17 which a benefit is paid in excess of the amount pay-

18 able by reason of this subsection, the additional
19 amount shall be equal to the amount of such excess;
20 ‘‘(ii) in the case of the second such month for

21 which a benefit is paid in excess of the amount pay-
22 able by reason of this subsection, the additional

23 amount shall be equal to two times the amount of
24 such excess; and

37

•HR 3758 IH

1 ‘‘(iii) in the case of the third or a subsequent
2 such month for which a benefit is paid in excess of

3 the amount payable by reason of this subsection, the
4 additional amount shall be equal to three times the

5 amount of such excess;
6 except that additional amounts of overpayment deter-
7 mined under this paragraph shall be determined only for

8 months for which the benefit in excess of the amount pay-9 able was received and accepted.
10 ‘‘(C)(i)(I) If the Commissioner of Social Security de-

11 termines, on the basis of information obtained by or sub-
12 mitted to him, that it may reasonably be expected that

13 an individual’s social security old-age or survivors benefits 14 will not be payable (in whole or in part) for any month

15 in a taxable year of such individual by reason of this sub-
16 section, the Commissioner may, before the close of such
17 taxable year, suspend the payment (in whole or in part)

18 for each month in such year (or for only such months as 19 the Commissioner may specify) of such benefits. Such sus-

20 pension shall remain in effect with respect to the benefits
21 for any month until the Commissioner has determined the
22 extent to which benefits are payable under this subsection.

23 ‘‘(II) The Commissioner of Social Security may, be-
24 fore the close of the taxable year of an individual on whose

25 wages and self-employment income benefits are otherwise

38

•HR 3758 IH

1 payable during such year, request of such individual that
2 he make, at such time or times as the Commissioner may

3 specify, a declaration of his estimated adjusted gross in-4 come (or the estimated total adjusted gross income for
5 him and his spouse) for the taxable year and that he fur-

6 nish to the Commissioner such other information with re-
7 spect to such income as the Commissioner may specify.

8 A failure by such individual to comply with any such re-9 quest shall in itself constitute justification for a deter-
10 mination under subclause (I) that it may reasonably be

11 expected that such benefits are not payable (in whole or
12 in part) by reason of this subsection.

13 ‘‘(III) If the payment of an individual’s social security 14 old-age or survivors benefits have been suspended (in
15 whole or in part) for all months in any taxable year of

16 such individual under subclause (I), no payment of such
17 unpaid benefits shall be made for any such month in such

18 taxable year after the expiration of the period of three 19 years, three months, and fifteen days following the close

20 of such taxable year unless within such period the individ-
21 ual, or some other person entitled to benefits under this
22 title on the basis of the same wages and self-employment

23 income, files with the Commissioner of Social Security in-24 formation showing that the unpaid portion of a benefit

25 for such month is payable to such individual.

39

•HR 3758 IH

1 ‘‘(ii) If, after the close of a taxable year of an individ-
2 ual to whom social security old-age or survivors benefits

3 were otherwise payable for months in such year, the Com-4 missioner of Social Security requests such individual to
5 furnish a report of his adjusted gross income (or the total

6 adjusted gross income of him and his spouse) for such tax-
7 able year or any other information with respect to such

8 income which the Commissioner may specify, and the indi-9 vidual fails to comply with such request, such failure shall

10 in itself constitute justification for a determination that
11 such benefits were not payable (in whole or in part) for
12 each month in such taxable year (or only for such months

13 thereof as the Commissioner may specify) by reason of

14 this subsection.

15 ‘‘(D) The Commissioner of Social Security shall de-

16 velop and implement procedures in accordance with this
17 paragraph to avoid paying more than the correct amount

18 of an individual’s social security old-age or survivors bene-

19 fits as a result of the failure of the individual to file a

20 correct report or estimate of adjusted gross income. Such

21 procedures may include identifying categories of individ-
22 uals whose social security old-age or survivors benefits

23 which are not payable (in whole or in part) under this 24 subsection are likely to be paid and requesting that they
25 estimate their adjusted gross income (or the total adjusted

40

•HR 3758 IH

1 gross income of them and their spouses) more frequently
2 than other persons subject to this subsection.

3 ‘‘(6) Benefits of any individual (other than an indi-
4 vidual described in paragraph (1)) based on the wages and

5 self-employment income of any other individual to whom
6 benefits are not payable by reason of paragraph (1) shall
7 be payable as though such other individual were receiving
8 such benefits.’’.

9 (b) EFFECTIVE DATE.—The amendments made by

10 this section shall apply with respect to benefits otherwise
11 payable in taxable years ending after December 31, 1997.
12 SEC. 202. GRADUAL INCREASE IN RETIREMENT AGE AND
13 EARLY RETIREMENT AGE.

14 (a) RETIREMENT AGE.—Section 216(l)(1) of the So-
15 cial Security Act (42 U.S.C. 416(l)(1)) is amended to read

16 as follows:
17 ‘‘(l)(1) The term ‘retirement age’ means—

18 ‘‘(A) with respect to an individual who attains
19 age 62 before January 1, 2000, 65 years of age,
20 ‘‘(B) with respect to an individual who attains

21 age 62 after December 31, 1999, and before Janu-

ary 1, 2015, 65 years of age plus 3 22 ⁄12 of the number
23 of months in the period beginning with January
24 2000 and ending with the last month of the calendar

25 year in which the individual attains age 62,

41

•HR 3758 IH

1 ‘‘(C) with respect to an individual who attains
2 age 62 after December 31, 2014, and before Janu-

3 ary 1, 2016, 69 years of age, and
4 ‘‘(D) with respect to an individual who attains

5 age 62 in any year after December 31, 2015, the
6 projected retirement age (as determined by the Com-
7 missioner under paragraph (3)) for the year in

8 which such individual attains age 62.’’.
9 (b) EARLY RETIREMENT AGE.—Section 216(l)(2) of
10 such Act (42 U.S.C. 416(l)(2)) is amended to read as fol-

11 lows:
12 ‘‘(2) The term ‘early retirement age’ means—

13 ‘‘(A) except as otherwise provided in this para-
14 graph—
15 ‘‘(i) age 62, in the case of an old-age,

16 wife’s, or husband’s insurance benefit, or
17 ‘‘(ii) age 60, in the case of a widow’s or

18 widower’s insurance benefit,
19 ‘‘(B) with respect to an individual who attains
20 early retirement age (as defined in subparagraph

21 (A)) after December 31, 1999, and before January
22 1, 2011, the applicable retirement age (as defined in

23 paragraph (1)), minus—
24 ‘‘(i) 3 years, in the case of an old-age,
25 wife’s, or husband’s insurance benefit, or

42

•HR 3758 IH

1 ‘‘(ii) 5 years, in the case of a widow’s or
2 widower’s insurance benefit,

3 ‘‘(C) with respect to an individual who attains
4 early retirement age (as defined in subparagraph
5 (A)) after December 31, 2010, and before January

6 1, 2016—
7 ‘‘(i) age 65, in the case of an old-age,

8 wife’s, or husband’s insurance benefit, or
9 ‘‘(ii) age 63, in the case of a widow’s or
10 widower’s insurance benefit, and

11 ‘‘(D) with respect to an individual who attains
12 early retirement age (as defined in subparagraph

13 (A)) after December 31, 2015, the applicable retire-
14 ment age (as defined in paragraph (1)), minus—
15 ‘‘(i) 4 years, in the case of an old-age,

16 wife’s, or husband’s insurance benefit, or
17 ‘‘(ii) 6 years, in the case of a widow’s or
18 widower’s insurance benefit.’’.

19 (c) PROJECTED RETIREMENT AGE.—Section
20 216(l)(3) of such Act (42 U.S.C. 416(l)(3)) is amended

21 to read as follows:
22 ‘‘(3)(A) Not later than October 1 of each year after

23 2014, the Commissioner of Social Security shall deter-
24 mine, and publish in the Federal Register, the projected
25 retirement age for the year following such October 1.

43

•HR 3758 IH

1 ‘‘(B) For purposes of this paragraph—
2 ‘‘(i) The ‘projected retirement age’ for any year

3 means the age (rounded, if not otherwise expressible
4 as a whole number of months, to the next lower
5 whole number of months) which, if such age were

6 the retirement age (as defined in this subsection) in
7 effect for individuals who attain age 62 in such year

8 (and are credited under this title with wages or self-
9 employment income), would cause the ratio of the

10 projected post-retirement lifetime for such individ-
11 uals to the potential working lifetime for such indi-
12 viduals to be equal to the ratio of the projected post-

13 retirement lifetime for all individuals who attain age
14 62 in 2015 (and are credited under this title with
15 wages or self-employment income) to the potential

16 working lifetime for such individuals attaining age
17 62 in 2015.

18 ‘‘(ii) The ‘projected post-retirement lifetime’ for
19 individuals attaining age 62 in any year means the
20 average projected lifetime (rounded, if not otherwise

21 expressible as a whole number of months, to the
22 next lower whole number of months) of such individ-

23 uals commencing with the month following the
24 month in which the applicable retirement age is at-
25 tained, as determined by the Commissioner of Social

44

•HR 3758 IH

1 Security, utilizing the intermediate actuarial as-
2 sumptions utilized by the Board of Trustees of the

3 Federal Old-Age and Survivors Insurance Trust
4 Fund for its most recent annual report issued under
5 section 201(c).

6 ‘‘(iii) The ‘potential working lifetime’ for indi-
7 viduals attaining age 62 in any year means the num-

8 ber of calendar months during the period beginning
9 with January of the year following the year in which

10 age 20 is attained by such individuals and ending
11 with the month in which the applicable retirement
12 age is attained by such individuals.’’.
13 (d) DEFINITION OF ELAPSED YEARS FOR PURPOSES
14 OF DETERMINING BENEFIT COMPUTATION YEARS.—Sec-

15 tion 215(b)(2)(B)(iii) of such Act (42 U.S.C.

16 415(b)(2)(B)(iii)) is amended—
17 (1) by striking ‘‘the year in which he attained

18 age 62’’ and all that follows and inserting ‘‘the year
19 in which he attained—’’; and
20 (2) by adding at the end the following:

21 ‘‘(I) early retirement age (as defined in
22 section 216(l)(2) in the case of old-age, wife’s,

23 and husband’s insurance benefits), in the case
24 of an individual who attained age 62 before

25 January 1, 2012,

45

•HR 3758 IH

‘ ‘(II) age 65 plus 3 1 ⁄12 of the number of

2 months in the period beginning with January

3 2012 and ending with the last month of the cal-
4 endar year in which the individual attained age

5 62, in the case of an individual who attained
6 age 62 after December 31, 2011, and before
7 January 1, 2015, or

8 ‘‘(III) one year greater than early retire-
9 ment age (as so defined), in the case of an indi-

10 vidual who attained age 62 after December 31,
11 2014;
12 except that such term excludes any calendar year

13 any part of which is included in a period of disabil-
14 ity.’’.

15 SEC. 203. ADJUSTMENTS TO BEND POINTS IN DETERMIN-

16 ING PRIMARY INSURANCE AMOUNTS.
17 (a) ADDITIONAL BEND POINT.—Section

18 215(a)(1)(A) of the Social Security Act (42 U.S.C. 19 415(a)(1)(A)) is amended—
20 (1) in clause (ii), by striking ‘‘and’’ at the end;

21 (2) in clause (iii), by striking ‘‘clause (ii),’’ and
22 inserting the following: ‘‘clause (ii) but do not exceed

23 the amount established for purposes of this clause
24 by subparagraph (B), and’’; and

46

•HR 3758 IH

1 (3) by inserting after clause (iii) the following
2 new clause:

3 ‘‘(iv) 5 percent of the individual’s average in-
4 dexed monthly earnings to the extent that such

5 earnings exceed the amount established for purposes
6 of clause (iii),’’.
7 (b) INITIAL LEVEL OF ADDITIONAL BEND POINT.—
8 Section 215(a)(1)(B)(i) of such Act (42 U.S.C.

9 415(a)(1)(B)(i)) is amended by adding at the end the fol-10 lowing new sentence: ‘‘For individuals who initially become

11 eligible for old-age or disability insurance benefits, or who
12 die (before becoming eligible for such benefit), in the cal-

13 endar year 1998, the amount established for purposes of 14 clause (iii) of subparagraph (A) shall be $3,391.’’.
15 (c) USE OF CPI IN DETERMINING COST-OF-LIVING

16 INCREASES IN HIGHEST 2 BEND POINTS.—
17 (1) IN GENERAL.—Section 215(i)(2)(A)(ii) of

18 such Act (42 U.S.C. 415(i)(2)(A)(ii)) is amended by
19 striking the sentence after and below subdivision
20 (III) and inserting the following new sentences:

21 ‘‘If the Commissioner, effective with December of any
22 year, increases the amounts described in subdivisions (I),

23 (II), and (III), the Commissioner shall also, effective for 24 the following calendar year, increase the amounts estab-25 lished under subsection (a)(1)(B) for purposes of clauses

47

•HR 3758 IH

1 (ii) and (iii) of subsection (a)(1)(A). The increases in the
2 amounts described in subdivisions (I), (II), and (III) shall

3 be derived by multiplying each of the amounts (including
4 each of those amounts as previously increased under this
5 subparagraph) by the applicable increase percentage. The

6 increase in the amounts established under subsection
7 (a)(1)(B) for purposes of clauses (ii) and (iii) of sub-

8 section (a)(1)(A) shall be derived by multiplying each of
9 the amounts (including each of those amounts as pre-
10 viously increased under this subparagraph) by the excess

11 (if any) of the wage increase percentage over 1.3 percent-
12 age points. Any amount so increased that is not a multiple

13 of $0.10 shall be decreased to the next lower multiple of
14 $0.10.’’.
15 (2) CONFORMING AMENDMENT.—Section

16 215(a)(1)(B)(ii) of such Act (42 U.S.C.
17 415(a)(1)(B)(ii)) is amended by striking ‘‘each of

18 the amounts so established’’ and inserting ‘‘the
19 amount so established for purposes of subparagraph
20 (A)(i)’’.

21 (3) EFFECTIVE DATE.—The amendments made
22 by this subsection shall apply with respect to

23 amounts effective for calendar years after 1997.

48

•HR 3758 IH

1 SEC. 204. INFORMATION RELATING TO BENEFIT LIMITA-
2 TIONS PROVIDED IN SOCIAL SECURITY AC-
3 COUNT STATEMENTS.

4 (a) IN GENERAL.—Section 1143 of the Social Secu-

5 rity Act (42 U.S.C. 1320b–13) is amended—
6 (1) in the heading for subsection (a), by strik-

7 ing ‘‘Upon Request’’ and inserting ‘‘of Annual
8 Statements’’;
9 (2) in subsection (a)(1), by striking ‘‘Begin-

10 ning’’ and all that follows and inserting the follow-
11 ing: ‘‘Not later than October 1 of each year, the

12 Commissioner of Social Security shall provide an an-
13 nual social security account statement (hereinafter
14 in this section referred to as the ‘statement’) to each

15 eligible individual for whom a mailing address can be
16 determined through such methods as the Commis-

17 sioner determines to be appropriate.’’;
18 (3) in subsection (a)(2)(A), by striking ‘‘at the
19 date of the request’’;

20 (4) in subsection (a)(2)(B), by striking ‘‘on the
21 date of the request’’;

22 (5) in subsection (a)(2)(C), by striking ‘‘on the
23 date of the request’’ and by striking ‘‘and’’ at the

24 end;
25 (6) in subsection (a)(2)(D), by inserting ‘‘in the
26 case of individuals not receiving benefits,’’ after

49

•HR 3758 IH

1 ‘‘(D)’’, and by striking ‘‘title XVIII.’’ and inserting
2 ‘‘title XVIII;’’;

3 (7) by adding after subparagraph (D) the fol-
4 lowing:
5 ‘‘(E) a table setting forth an estimate, in rela-

6 tion to 1980 and every 10th year thereafter through
7 2030, of the following information:
8 ‘‘(i) the total amount of the current ad-

9 justed values of all employee, employer, and

10 self-employment contributions made with re-
11 spect to the wages and self-employment income
12 of the average earner retiring at retirement age

13 in each such year;
14 ‘‘(ii) the total amount of the current ad-

15 justed values of the social security old-age or
16 survivors benefits (as defined in section
17 202(y)(3)(D)) paid for all prior months on the

18 basis of the wages and self-employment income
19 of the average earner retiring at retirement age

20 in each such year; and
21 ‘‘(iii) the total amount of the current ad-
22 justed values of the monthly benefits which will

23 have been paid under such subsections, as of
24 the time of the death of the average earner re-

25 tiring at retirement age in each such year, on

50

•HR 3758 IH

1 the basis of his or her wages and self-employ-
2 ment income, as projected under the intermedi-

3 ate actuarial assumptions utilized by the Board
4 of Trustees of the Federal Old-Age and Survi-

5 vors Insurance Trust Fund for its most recent

6 annual report issued under section 201(c); and
7 ‘‘(F) the year for which the annual rate of

8 outgo from the Federal Old-Age and Survivors In-

9 surance Trust Fund will first exceed the annual rate

10 of deposits to such Trust Fund (excluding any re-

11 turn of obligations held by such Trust Fund), as
12 projected under the intermediate actuarial assump-

13 tions utilized by the Board of Trustees of the Fed-
14 eral Old-Age and Survivors Insurance Trust Fund

15 for its most recent annual report issued under sec-
16 tion 201(c).
17 For purposes of subparagraph (E), the term ‘current ad-

18 justed value’ has the meaning provided in section 19 202(y)(3)(C).’’;
20 (8) by striking subsection (b);

21 (9) in subsection (c)—
22 (A) by striking the heading and inserting

23 the following:

51

•HR 3758 IH

1 ‘‘Required Estimates of Benefits’’;
2 (B) by striking ‘‘(c)(1) By not later’’ and

3 all that follows through ‘‘With respect to’’ in
4 paragraph (2) and inserting ‘‘(b) With respect
5 to’’; and

6 (C) by adding at the end the following new
7 sentence: ‘‘The Commissioner shall provide such

8 estimates of retirement benefit amounts to eligi-
9 ble individuals who have not attained age 50
10 upon request.’’; and

11 (10) by adding at the end the following new
12 subsection:

13 ‘‘Inclusion of Statements to Retirees with Other Mailings
14 ‘‘(c) The Commissioner of Social Security shall en-

15 sure that statements provided to eligible individuals who
16 are receiving benefits under title II are included to the
17 maximum extent practicable with mailings otherwise made
18 to such individuals. The Commissioner shall consult with

19 the Secretary of the Treasury in carrying out the require-
20 ment of this subsection and such Secretary shall provide

21 such appropriate assistance to the Commissioner as is nec-
22 essary to carry out such requirements.’’.

23 (b) EFFECTIVE DATE.—The amendments made by
24 subsection (a) shall apply with respect to statements pro-
25 vided on or after October 1, 1996.

52

•HR 3758 IH

1 SEC. 205. COVERAGE OF NEWLY HIRED STATE AND LOCAL
2 EMPLOYEES.

3 (a) AMENDMENTS TO THE SOCIAL SECURITY ACT.—
4 (1) IN GENERAL.—Paragraph (7) of section

5 210(a) of the Social Security Act (42 U.S.C.
6 410(a)(7)) is amended to read as follows:

7 ‘‘(7) Excluded State or local government em-
8 ployment (as defined in subsection (s));’’.
9 (2) EXCLUDED STATE OR LOCAL GOVERNMENT

10 EMPLOYMENT.—
11 (A) IN GENERAL.—Section 210 of such

12 Act (42 U.S.C. 410) is amended by adding at
13 the end the following new subsection:
14 ‘‘Excluded State or Local Government Employment

15 ‘‘(s)(1) IN GENERAL.—The term ‘excluded State or
16 local government employment’ means any service per-

17 formed in the employ of a State, of any political subdivi-18 sion thereof, or of any instrumentality of any one or more

19 of the foregoing which is wholly owned thereby, if—
20 ‘‘(A)(i) such service would be excluded from the
21 term ‘employment’ for purposes of this title if the

22 preceding provisions of this section as in effect in
23 March 1997 had remained in effect, and (ii) the re-
24 quirements of paragraph (2) are met with respect to

25 such service, or

53

•HR 3758 IH

1 ‘‘(B) the requirements of paragraph (3) are met
2 with respect to such service.
3 ‘‘(2) EXCEPTION FOR CURRENT EMPLOYMENT WHICH
4 CONTINUES.—

5 ‘‘(A) IN GENERAL.—The requirements of this

6 paragraph are met with respect to service for any
7 employer if—

8 ‘‘(i) such service is performed by an indi-

9 vidual—

10 ‘‘(I) who was performing substantial

11 and regular service for remuneration for
12 that employer before January 1, 1998,

13 ‘‘(II) who is a bona fide employee of
14 that employer on December 31, 1997, and
15 ‘‘(III) whose employment relationship

16 with that employer was not entered into
17 for purposes of meeting the requirements

18 of this subparagraph, and
19 ‘‘(ii) the employment relationship with that

20 employer has not been terminated after Decem-
21 ber 31, 1997.
22 ‘‘(B) TREATMENT OF MULTIPLE AGENCIES AND

23 INSTRUMENTALITIES.—For purposes of subpara-
24 graph (A), under regulations (consistent with regula-

54

•HR 3758 IH

1 tions established under section 3121(t)(2)(B) of the
2 Internal Revenue Code of 1986)—

3 ‘‘(i) all agencies and instrumentalities of a
4 State (as defined in section 218(b)) or of the
5 District of Columbia shall be treated as a single

6 employer, and
7 ‘‘(ii) all agencies and instrumentalities of a

8 political subdivision of a State (as so defined)
9 shall be treated as a single employer and shall
10 not be treated as described in clause (i).

11 ‘‘(3) EXCEPTION FOR CERTAIN SERVICES.—
12 ‘‘(A) IN GENERAL.—The requirements of this

13 paragraph are met with respect to service if such
14 service is performed—
15 ‘‘(i) by an individual who is employed by a

16 State or political subdivision thereof to relieve
17 such individual from unemployment,

18 ‘‘(ii) in a hospital, home, or other institu-
19 tion by a patient or inmate thereof as an em-
20 ployee of a State or political subdivision thereof

21 or of the District of Columbia,
22 ‘‘(iii) by an individual, as an employee of

23 a State or political subdivision thereof or of the
24 District of Columbia, serving on a temporary

55

•HR 3758 IH

1 basis in case of fire, storm, snow, earthquake,
2 flood, or other similar emergency,

3 ‘‘(iv) by any individual as an employee in-
4 cluded under section 5351(2) of title 5, United
5 States Code (relating to certain interns, student

6 nurses, and other student employees of hos-
7 pitals of the District of Columbia Government),
8 other than as a medical or dental intern or a

9 medical or dental resident in training,
10 ‘‘(v) by an election official or election

11 worker if the remuneration paid in a calendar
12 year for such service is less than $1,000 with

13 respect to service performed during 1998, and
14 the adjusted amount determined under sub-
15 paragraph (C) for any subsequent year with re-

16 spect to service performed during such subse-
17 quent year, except to the extent that service by
18 such election official or election worker is in-

19 cluded in employment under an agreement

20 under section 218, or
21 ‘‘(vi) by an employee in a position com-
22 pensated solely on a fee basis which is treated

23 pursuant to section 211(c)(2)(E) as a trade or
24 business for purposes of inclusion of such fees

25 in net earnings from self-employment.

56

•HR 3758 IH

1 ‘‘(B) DEFINITIONS.—As used in this para-
2 graph, the terms ‘State’ and ‘political subdivision’

3 have the meanings given those terms in section
4 218(b).
5 ‘‘(C) ADJUSTMENTS TO DOLLAR AMOUNT FOR

6 ELECTION OFFICIALS AND ELECTION WORKERS.—
7 For each year after 1998, the Commissioner of So-

8 cial Security shall adjust the amount referred to in
9 subparagraph (A)(v) at the same time and in the

10 same manner as is provided under section
11 215(a)(1)(B)(ii) with respect to the amounts re-
12 ferred to in section 215(a)(1)(B)(i), except that—

13 ‘‘(i) for purposes of this subparagraph,
14 1995 shall be substituted for the calendar year
15 referred to in section 215(a)(1)(B)(ii)(II), and

16 ‘‘(ii) such amount as so adjusted, if not a
17 multiple of $100, shall be rounded to the next

18 higher multiple of $100 where such amount is
19 a multiple of $50 and to the nearest multiple
20 of $100 in any other case.

21 The Commissioner of Social Security shall determine
22 and publish in the Federal Register each adjusted

23 amount determined under this subparagraph not
24 later than November 1 preceding the year for which
25 the adjustment is made.’’.

57

•HR 3758 IH

1 (B) CONFORMING AMENDMENTS.—
2 (i) Subsection (k) of section 210 of

3 such Act (42 U.S.C. 410(k)) (relating to
4 covered transportation service) is repealed.
5 (ii) Section 210(p) of such Act (42

6 U.S.C. 410(p)) is amended—
7 (I) in paragraph (2), by striking

8 ‘‘service is performed’’ and all that
9 follows and inserting ‘‘service is serv-
10 ice described in subsection (s)(3)(A).’’;

11 and
12 (II) in paragraph (3)(A), by in-

13 serting ‘‘under subsection (a)(7) as in

14 effect in December 1997’’ after ‘‘sec-
15 tion’’.
16 (iii) Section 218(c)(6) of such Act (42
17 U.S.C. 418(c)(6)) is amended—

18 (I) by striking subparagraph (C);
19 (II) by redesignating subpara-
20 graphs (D) and (E) as subparagraphs

21 (C) and (D), respectively; and
22 (III) by striking subparagraph

23 (F) and inserting the following:
24 ‘‘(E) service which is included as employment 25 under section 210(a).’’

58

•HR 3758 IH

1 (b) AMENDMENTS TO THE INTERNAL REVENUE
2 CODE OF 1986.—

3 (1) IN GENERAL.—Paragraph (7) of section
4 3121(b) of the Internal Revenue Code of 1986 (re-
5 lating to employment) is amended to read as follows:

6 ‘‘(7) excluded State or local government em-
7 ployment (as defined in subsection (t));’’.
8 (2) EXCLUDED STATE OR LOCAL GOVERNMENT
9 EMPLOYMENT.—Section 3121 of such Code is

10 amended by inserting after subsection (s) the follow-

11 ing new subsection:
12 ‘‘(t) EXCLUDED STATE OR LOCAL GOVERNMENT EM-
13 PLOYMENT.—

14 ‘‘(1) IN GENERAL.—For purposes of this chap-
15 ter, the term ‘excluded State or local government

16 employment’ means any service performed in the
17 employ of a State, of any political subdivision there-

18 of, or of any instrumentality of any one or more of
19 the foregoing which is wholly owned thereby, if—
20 ‘‘(A)(i) such service would be excluded

21 from the term ‘employment’ for purposes of this
22 chapter if the provisions of subsection (b)(7) as
23 in effect in December 1997 had remained in ef-

24 fect, and (ii) the requirements of paragraph (2)

25 are met with respect to such service, or

59

•HR 3758 IH

1 ‘‘(B) the requirements of paragraph (3)
2 are met with respect to such service.
3 ‘‘(2) EXCEPTION FOR CURRENT EMPLOYMENT
4 WHICH CONTINUES.—

5 ‘‘(A) IN GENERAL.—The requirements of

6 this paragraph are met with respect to service
7 for any employer if—

8 ‘‘(i) such service is performed by an

9 individual—

10 ‘‘(I) who was performing sub-

11 stantial and regular service for remu-
12 neration for that employer before Jan-

13 uary 1, 1998,
14 ‘‘(II) who is a bona fide employee

15 of that employer on December 31,
16 1997, and
17 ‘‘(III) whose employment rela-

18 tionship with that employer was not
19 entered into for purposes of meeting

20 the requirements of this subpara-
21 graph, and
22 ‘‘(ii) the employment relationship with

23 that employer has not been terminated
24 after December 31, 1997.

60

•HR 3758 IH

1 ‘‘(B) TREATMENT OF MULTIPLE AGENCIES
2 AND INSTRUMENTALITIES.—For purposes of

3 subparagraph (A), under regulations—
4 ‘‘(i) all agencies and instrumentalities
5 of a State (as defined in section 218(b) of

6 the Social Security Act) or of the District
7 of Columbia shall be treated as a single

8 employer, and
9 ‘‘(ii) all agencies and instrumentalities
10 of a political subdivision of a State (as so

11 defined) shall be treated as a single em-
12 ployer and shall not be treated as de-
13 scribed in clause (i).

14 ‘‘(3) EXCEPTION FOR CERTAIN SERVICES.—
15 ‘‘(A) IN GENERAL.—The requirements of

16 this paragraph are met with respect to service
17 if such service is performed—

18 ‘‘(i) by an individual who is employed
19 by a State or political subdivision thereof

20 to relieve such individual from unemploy-
21 ment,
22 ‘‘(ii) in a hospital, home, or other in-

23 stitution by a patient or inmate thereof as
24 an employee of a State or political subdivi-
25 sion thereof or of the District of Columbia,

61

•HR 3758 IH

1 ‘‘(iii) by an individual, as an employee
2 of a State or political subdivision thereof

3 or of the District of Columbia, serving on
4 a temporary basis in case of fire, storm,

5 snow, earthquake, flood, or other similar
6 emergency,
7 ‘‘(iv) by any individual as an employee

8 included under section 5351(2) of title 5,
9 United States Code (relating to certain in-

10 terns, student nurses, and other student
11 employees of hospitals of the District of
12 Columbia Government), other than as a
13 medical or dental intern or a medical or

14 dental resident in training,
15 ‘‘(v) by an election official or election

16 worker if the remuneration paid in a cal-
17 endar year for such service is less than

18 $1,000 with respect to service performed
19 during 1998, and the adjusted amount de-
20 termined under section 210(s)(3)(C) of the

21 Social Security Act for any subsequent
22 year with respect to service performed dur-

23 ing such subsequent year, except to the ex-
24 tent that service by such election official or

25 election worker is included in employment

62

•HR 3758 IH

1 under an agreement under section 218 of
2 the Social Security Act, or

3 ‘‘(vi) by an employee in a position
4 compensated solely on a fee basis which is
5 treated pursuant to section 1402(c)(2)(E)

6 as a trade or business for purposes of in-
7 clusion of such fees in net earnings from

8 self-employment.
9 ‘‘(B) DEFINITIONS.—As used in this para-
10 graph, the terms ‘State’ and ‘political subdivi-

11 sion’ have the meanings given those terms in
12 section 218(b) of the Social Security Act.’’.
13 (3) CONFORMING AMENDMENTS.—

14 (A) Subsection (j) of such section 3121
15 (relating to covered transportation service) is

16 repealed.
17 (B) Paragraph (2) of section 3121(u) of

18 such Code (relating to application of hospital
19 insurance tax to Federal, State, and local em-
20 ployment) is amended—

21 (i) in subparagraph (B), by striking
22 ‘‘service is performed’’ in clause (ii) and all

23 that follows through the end of such sub-
24 paragraph and inserting ‘‘service is service
25 described in subsection (t)(3)(A).’’; and

63

•HR 3758 IH

1 (ii) in subparagraph (C)(i), by insert-
2 ing ‘‘under subsection (b)(7) as in effect in

3 December 1996’’ after ‘‘chapter’’.
4 (c) EFFECTIVE DATE.—Except as otherwise provided

5 in this section, the amendments made by this section shall
6 apply with respect to service performed after December
7 31, 1997.
8 SEC. 206. PHASED REDUCTION IN SPOUSAL BENEFITS
9 OTHER THAN SURVIVOR’S BENEFITS TO 33

10 PERCENT OF PRIMARY INSURANCE AMOUNT.

11 (a) WIFE’S INSURANCE BENEFITS.—Section
12 202(b)(2) of the Social Security Act (42 U.S.C. 402(b)(2))
13 is amended to read as follows:

14 ‘‘(2)(A) Except as provided in subsection (q) and
15 paragraph (4) of this subsection, such wife’s insurance

16 benefit for each month shall be equal to the applicable per-
17 centage of the primary insurance amount of her husband

18 (or, in the case of a divorced wife, her former husband) 19 in connection with the calendar year in which such individ-

20 ual becomes eligible for such benefit, as specified in the
21 following table:

‘ ‘If the calendar year in which the individual be- comes eligible is:

The applicable percentage shall be: Before calendar year 2000.. 50 percent Calendar year 2000... 49 percent Calendar year 2001... 48 percent Calendar year 2002... 47 percent Calendar year 2003... 46 percent Calendar year 2004... 45 percent

64

•HR 3758 IH

‘‘If the calendar year in which the individual be- comes eligible is:

The applicable percentage shall be:

Calendar year 2005... 44 percent Calendar year 2006... 43 percent Calendar year 2007... 42 percent Calendar year 2008... 41 percent Calendar year 2009... 40 percent Calendar year 2010... 39 percent Calendar year 2011... 38 percent Calendar year 2012... 37 percent Calendar year 2013... 36 percent Calendar year 2014... 35 percent Calendar year 2015... 34 percent After calendar year 2015.. 33 percent.’’.

1 ‘‘(B) For purposes of subparagraph (A)—
2 ‘‘(i) an individual shall be treated as eligible for
3 a wife’s insurance benefit if such individual meets

4 the requirements of subparagraphs (B), (C), and
5 (D) of paragraph (1), and

6 ‘‘(ii) in determining when an individual becomes
7 eligible for a wife’s insurance benefit, any break in

8 eligibility of less than 12 consecutive months shall

9 not be taken into account.’’.

10 (b) HUSBAND’S INSURANCE BENEFITS.—Section

11 202(c)(3) of such Act (42 U.S.C. 402(c)(3)) is amended
12 to read as follows:

13 ‘‘(3)(A) Except as provided in subsection (q) and
14 paragraph (2) of this subsection, such husband’s insur-

15 ance benefit for each month shall be equal to the applica-
16 ble percentage of the primary insurance amount of his wife
17 (or, in the case of a divorced husband, his former wife)

18 in connection with the calendar year in which such individ-

65

•HR 3758 IH

1 ual becomes eligible for such benefit, as specified in the
2 following table:

‘ ‘If the calendar year in which the individual be- comes eligible is:

The applicable percentage shall be: Before calendar year 2000.. 50 percent Calendar year 2000... 49 percent Calendar year 2001... 48 percent Calendar year 2002... 47 percent Calendar year 2003... 46 percent Calendar year 2004... 45 percent Calendar year 2005... 44 percent Calendar year 2006... 43 percent Calendar year 2007... 42 percent Calendar year 2008... 41 percent Calendar year 2009... 40 percent Calendar year 2010... 39 percent Calendar year 2011... 38 percent Calendar year 2012... 37 percent Calendar year 2013... 36 percent Calendar year 2014... 35 percent Calendar year 2015... 34 percent After calendar year 2015.. 33 percent.’’.

3 ‘‘(B) For purposes of subparagraph (A)—

4 ‘‘(i) an individual shall be treated as eligible for
5 a husband’s insurance benefit if such individual

6 meets the requirements of subparagraphs (B), (C),
7 and (D) of paragraph (1), and
8 ‘‘(ii) in determining when an individual becomes

9 eligible for a husband’s insurance benefit, any break
10 in eligibility of less than 12 consecutive months shall
11 not be taken into account.’’.
Æ