

106TH CONGRESS
1ST SESSION

S. 1104

To amend the Social Security Act to provide simplified and accurate information on the social security trust funds, and personal earnings and benefit estimates to eligible individuals.

IN THE SENATE OF THE UNITED STATES

MAY 24, 1999

Mr. GRAMS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Social Security Act to provide simplified and accurate information on the social security trust funds, and personal earnings and benefit estimates to eligible individuals.

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.**

4 This Act may be cited as “Social Security Informa-
5 tion Act of 1999”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

1 (1) information regarding the solvency of the
2 social security trust funds, and personal earnings
3 and benefits estimates is vital for working Ameri-
4 cans to plan a financially secure retirement;

5 (2) over the next 35 years, the number of
6 American people age 65 and older will double, while
7 the number of people age 20 to 64 will increase by
8 only 20 percent, and these demographic changes will
9 have a significant impact on the future of the social
10 security system;

11 (3) simplified and accurate information regard-
12 ing the social security system is needed to enable
13 working Americans to understand and adjust to
14 those demographic changes;

15 (4) more than 50 percent of the workers in the
16 United States do not have a pension and that per-
17 centage is increasing for younger age groups, 50
18 percent of families in the United States have less
19 than \$1,000 in net financial assets, and the median
20 amount of savings among adults who are in their
21 late 50s, the age of a worker facing immediate re-
22 tirement, is still less than \$10,000;

23 (5) lack of information has, in part, caused
24 poor financial planning for future retirement, result-
25 ing in insufficient savings;

1 (6) the General Accounting Office reports that
2 the Personal Earnings and Benefits Estimate State-
3 ments (PEBES) initiative is an important step to-
4 wards better informing the public about the pro-
5 grams and benefits under the social security system,
6 but extensive revisions to the PEBES are needed to
7 ensure better understanding of that system and ef-
8 fective communication to the general public about
9 that system; and

10 (7) public awareness of the long-term financial
11 soundness of the social security system will facilitate
12 necessary reform of that system and increase public
13 confidence in the system.

14 **SEC. 3. PURPOSES.**

15 The purposes of this Act are—

16 (1) to require the Commissioner of Social Secu-
17 rity to provide simple and accurate information on
18 the fiscal status of the social security trust funds
19 and on the personal earnings and benefits estimates
20 of all eligible individuals in order to allow working
21 Americans to better plan their retirement;

22 (2) to prohibit the use of any message or design
23 relating to such information that may mislead or
24 confuse the general public; and

1 (3) to build public confidence in the social secu-
2 rity system through the requirement of full disclo-
3 sure and increased awareness of the fiscal soundness
4 of the system.

5 **SEC. 4. INFORMATION REQUIREMENTS FOR STATEMENTS.**

6 (a) INFORMATION REQUIREMENTS FOR SOCIAL SE-
7 CURITY ACCOUNT STATEMENT.—Section 1143(a) of the
8 Social Security Act (42 U.S.C. 1320b–13(a)) is
9 amended—

10 (1) in paragraph (2)—

11 (A) in subparagraph (B), by inserting “,
12 including a separate estimate of the amount of
13 interest earned on the contributions,” after
14 “disability insurance”;

15 (B) in subparagraph (C)—

16 (i) by inserting “, including a separate
17 estimate of the amount of interest earned
18 on the contributions,” after “hospital in-
19 surance”; and

20 (ii) by striking “and” after the semi-
21 colon;

22 (C) in subparagraph (D), by striking the
23 period at the end and inserting a semicolon;

1 (D) by redesignating subparagraphs (A),
2 (B), (C), and (D) as subparagraphs (B), (C),
3 (D), and (E), respectively;

4 (E) by inserting after the matter preceding
5 subparagraph (B), as redesignated by subpara-
6 graph (D), the following:

7 “(A) the name, age, gender, mailing address,
8 and marital status of the eligible individual;”;

9 (F) by adding at the end the following:

10 “(F) the total amount of the employee contribu-
11 tions for the eligible individual for old-age and sur-
12 vivors insurance benefits, as of the end of the month
13 preceding the date of the statement, in both actual
14 dollars and dollars adjusted for inflation;

15 “(G) the projected value of—

16 “(i) the aggregate amount of the employee
17 contributions for old-age and survivors insur-
18 ance benefits that are expected to be made by
19 or on behalf of the individual prior to the indi-
20 vidual attaining retirement age, in both actual
21 dollars and dollars adjusted for inflation;

22 “(ii) the annual amount of old-age and
23 survivors insurance benefits that are expected
24 to be payable on the eligible individual’s ac-

1 count for a single individual and for a married
2 couple, in dollars adjusted for inflation;

3 “(iii) the total amount of old-age and sur-
4 vivors insurance benefits payable on the eligible
5 individual’s account for the individual’s life ex-
6 pectancy, in dollars adjusted for inflation,
7 identifying—

8 “(I) the life expectancy assumed;

9 “(II) the amount of benefits received
10 on the basis of each \$1 of contributions
11 made by or on behalf of the individual; and

12 “(III) the projected annual rate of re-
13 turn for the individual, taking into account
14 the date on which the contributions are
15 made in the eligible individual’s account
16 and the date on which the benefits are
17 paid;

18 “(iv) the total amount of old-age and sur-
19 vivors insurance benefits that would have accu-
20 mulated on the eligible individual’s account on
21 the date on which the individual attains retire-
22 ment age if the contributions for such indi-
23 vidual had been invested in Treasury 10-year
24 saving bonds at the prevailing interest rate for
25 such bonds as of the end of the month pre-

1 ceding the date of the statement, in dollars ad-
2 justed for inflation, identifying—

3 “(I) the date of retirement assumed;

4 “(II) the interest rate used for the
5 projection; and

6 “(III) the amount that would be re-
7 ceived on the basis of each \$1 of contribu-
8 tions made by or on behalf of the indi-
9 vidual;

10 “(H) the average annual rate of return, ad-
11 justed for inflation, on the Treasury 10-year saving
12 bond as of the date of the statement;

13 “(I) the average annual rate of return, adjusted
14 for inflation, on the Standard and Poor’s 500, or an
15 equivalent portfolio of common stock equities that
16 are based on a broad index of United States market
17 performance, for the preceding 25 years;

18 “(J) a brief statement that identifies—

19 “(i) the balance of the trust fund accounts
20 as of the end of the month preceding the date
21 of the statement;

22 “(ii) the annual estimated balance of the
23 trust fund accounts for each of the succeeding
24 30 years; and

1 “(iii) the assumptions used to provide the
2 information described in clauses (i) and (ii), in-
3 cluding the rates of return and the nature of
4 the investments of such trust fund accounts;
5 and

6 “(K) a simple 1-page summary and comparison
7 of the information that is provided to an eligible in-
8 dividual under subparagraphs (G), (H), and (I).”;
9 and

10 (2) by striking paragraph (3) and inserting the
11 following:

12 “(3) The estimated amounts required to be provided
13 in a statement under this section shall be determined by
14 the Commissioner using a general methodology for making
15 such estimates, as formulated and published at the begin-
16 ning of each calendar year by the Board of Trustees of
17 the trust fund accounts. A description of the general meth-
18 odology used shall be provided to the eligible individual
19 as part of the statement required under this section.

20 “(4) The Commissioner of Social Security shall notify
21 an individual who receives a social security account state-
22 ment under this section that the individual may request
23 that the information described in paragraph (2) be deter-
24 mined on the basis of relevant information provided by the
25 individual, including information regarding the individ-

1 ual’s future income, marital status, date of retirement, or
 2 race.

3 “(5) For purposes of this section—

4 “(A) the term ‘dollars adjusted for inflation’
 5 means—

6 “(i) dollars in constant or real value terms
 7 on the date on which the statement is issued;
 8 and

9 “(ii) an amount that is adjusted on the
 10 basis of the Consumer Price Index.

11 “(B) the term ‘eligible individual’ means an in-
 12 dividual who—

13 “(i) has a social security account number;

14 “(ii) has attained age 25 or over; and

15 “(iii) has wages or net earnings from self-
 16 employment; and

17 “(C) the term ‘trust fund account’ means—

18 “(i) the Federal Old-Age and Survivors In-
 19 surance Trust Fund; and

20 “(ii) the Federal Disability Insurance
 21 Trust Fund.”.

22 (b) MANDATORY PROVISION OF STATEMENTS.—Sec-
 23 tion 1143(c)(2) of the Social Security Act (42 U.S.C.
 24 1320b–13(c)(2)) is amended by striking “With respect to”
 25 and all that follows.

1 (c) TECHNICAL AMENDMENT.—Section 1143 of the
2 Social Security Act (42 U.S.C. 1320b–13) is amended by
3 striking “Secretary” each place it appears and inserting
4 “Commissioner of Social Security”.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this Act shall apply to statements provided for fiscal years
7 beginning after the date of enactment of this Act.

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