

108TH CONGRESS
1ST SESSION

H. R. 75

To amend the Social Security Act and the Internal Revenue Code of 1986 to preserve and strengthen the Social Security program through the creation of personal Social Security guarantee accounts ensuring full benefits for all workers and their families, restoring long-term Social Security solvency, to make certain benefit improvements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 2003

Mr. SHAW (for himself, Mr. FOLEY, Mr. LEWIS of Kentucky, Mr. NORWOOD, and Mr. SMITH of Michigan) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Social Security Act and the Internal Revenue Code of 1986 to preserve and strengthen the Social Security program through the creation of personal Social Security guarantee accounts ensuring full benefits for all workers and their families, restoring long-term Social Security solvency, to make certain benefit improvements, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “Social Security Guarantee Plus Act of 2003”.

4 (b) **TABLE OF CONTENTS.**—The table of contents is
5 as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and statement of purpose.

TITLE I—SOCIAL SECURITY GUARANTEE PROGRAM

- Sec. 101. Social security guarantee refundable credit.
- Sec. 102. Establishment of the social security guarantee program.

“PART B—SOCIAL SECURITY GUARANTEE PROGRAM

- “Sec. 251. Definitions.
- “Sec. 252. Establishment of program.
- “Sec. 253. Social Security guarantee accounts.
- “Sec. 254. Investment of accounts.
- “Sec. 255. Determination of monthly annuity amounts and use in determining account distribution supplements.
- “Sec. 256. Disposition of account assets.
- “Sec. 257. Administration of the program.

- Sec. 103. Benefit increases.
- Sec. 104. Tax treatment.
- Sec. 105. Annual account Statements.
- Sec. 106. Report on use of social security surpluses.

TITLE II—BENEFIT UPDATES

- Sec. 201. Elimination of the social security earnings test for individuals who have attained age 62 (age 60 in the case of widow’s and widower’s insurance benefits).
- Sec. 202. Increase in widow’s and widower’s insurance benefits.
- Sec. 203. Benefits for disabled widows and widowers without regard to age.
- Sec. 204. Repeal of 7-year restriction on eligibility for widow’s and widower’s insurance benefits based on disability.
- Sec. 205. Exemption from two-year waiting period for divorced spouse’s benefits upon other spouse’s remarriage.
- Sec. 206. Increase in amount of wages and self-employment income credited to years taken into account in determining average indexed monthly earnings for beneficiaries precluded from remunerative work occasioned by need to provide child care.
- Sec. 207. Government pension offset reduced from two-thirds to one-third of the government pension.

6 **SEC. 2. FINDINGS AND STATEMENT OF PURPOSE.**

7 (a) **FINDINGS.**—The Congress finds as follows:

1 (1) The Social Security program provides essen-
2 tial income security for over 46 million Americans of
3 all ages through its retirement, disability, and sur-
4 vivor benefits. Without these benefits, close to half
5 of seniors would live in poverty.

6 (2) Social Security's benefit structure, which is
7 designed to help lower-wage workers, and its family
8 benefits are of particular importance to women and
9 minorities. Without these benefits, about 53 percent
10 of elderly women and 55 to 60 percent of elderly
11 Hispanics and African-Americans would live in pov-
12 erty.

13 (3) The Board of Trustees of the Social Secu-
14 rity trust funds project that, because people are liv-
15 ing longer, families are having fewer children, and
16 the baby boom generation is approaching retirement,
17 the Social Security program's benefit costs will ex-
18 ceed its tax revenues beginning in 2017. By 2041,
19 the Social Security trust funds will be depleted and
20 the program will be able to honor only 73 percent
21 of benefit commitments, and even less thereafter.

22 (4) Each payday, American workers send their
23 hard-earned payroll taxes to Social Security and in
24 return are promised protection for themselves and

1 their families upon retirement, disability, or death.

2 That commitment must be kept.

3 (5) Reducing benefits will result in more seniors
4 and individuals with disabilities living in poverty.

5 (6) Workers who are more in need of early re-
6 tirement, such as police officers, firefighters, and
7 manual laborers, would be especially harmed by in-
8 creases in the age of eligibility for Social Security
9 benefits.

10 (7) Inasmuch as payroll taxes already con-
11 stitute the single largest tax burden for most Amer-
12 ican families, further tax increases would contribute
13 to erosion in public support for Social Security,
14 would not result in sustainable financing for the
15 long term, and would further burden employers and
16 harm job creation.

17 (8) Allowing the Federal Government to invest
18 workers' payroll taxes in private financial assets
19 risks political interference in investment decisions
20 and may reduce economic efficiency.

21 (9) Workers' ability to save and invest for their
22 own economic security in retirement will continue to
23 be particularly important, especially for younger
24 workers.

1 (10) The creation of Social Security guarantee
2 accounts as provided for in this Act is a critical goal
3 in light of Social Security’s financial challenges, the
4 options available to address these challenges, and
5 the Nation’s interest in preserving and strength-
6 ening Social Security for the next 75 years and be-
7 yond.

8 (b) STATEMENT OF PURPOSE.—The purpose of this
9 Act is to preserve and strengthen the Social Security pro-
10 gram through the creation of Social Security guarantee
11 accounts that will—

12 (1) ensure the payment of Social Security bene-
13 fits promised under current law, or greater benefits,
14 to all eligible workers and their families;

15 (2) provide for the long-run sustainability of the
16 Social Security program; and

17 (3) provide personal account assets to be used
18 exclusively for the financial security of the account
19 holder and his or her family that this and future
20 Congresses cannot redirect for any other purpose.

1 **TITLE I—SOCIAL SECURITY**
2 **GUARANTEE PROGRAM**

3 **SEC. 101. SOCIAL SECURITY GUARANTEE REFUNDABLE**
4 **CREDIT.**

5 (a) IN GENERAL.—Chapter 25 of the Internal Rev-
6 enue Code of 1986 (relating to general provisions relating
7 to employment taxes) is amended by adding at the end
8 the following new section:

9 **“SEC. 3511. SOCIAL SECURITY GUARANTEE REFUNDABLE**
10 **CREDIT.**

11 “(a) IN GENERAL.—The Social Security guarantee
12 account established under section 253 of the Social Secu-
13 rity Act for each individual who has filed an election under
14 section 253(b) of such Act shall receive for each calendar
15 year following such election, during which such individual
16 has earned wages or to which self-employment income of
17 such individual is credited, a payment equal to the credit
18 amount determined under subsection (b) for the individual
19 for such calendar year.

20 “(b) CREDIT AMOUNT.—

21 “(1) IN GENERAL.—For purposes of subsection
22 (a), the credit amount determined under this sub-
23 section for an individual for a calendar year is an
24 amount equal to the lesser of—

25 “(A) 4 percent of the sum of—

1 “(i) wages (as defined in section
2 3121(a)) received by such individual dur-
3 ing such year on which tax is imposed by
4 section 3101, and

5 “(ii) self-employment income (as de-
6 fined in 1402(b)) of such individual for the
7 taxable year of such individual ending in
8 such calendar year on which tax is imposed
9 by section 1401, or

10 “(B) \$1,000 (in the case of the calendar
11 year ending after the date of the enactment of
12 the Social Security Guarantee Plus Act of
13 2003) and the amount determined under para-
14 graph (2) for the calendar year (in the case of
15 subsequent calendar years).

16 “(2) WAGE-BASED ADJUSTMENTS.—The Sec-
17 retary shall, on or before November 1 of the first
18 calendar year ending after the date of the enactment
19 of the Social Security Guarantee Plus Act of 2003
20 and of every calendar year thereafter, determine and
21 publish in the Federal Register the dollar amount
22 under paragraph (1)(B) for the succeeding calendar
23 year. Such amount shall be the larger of—

1 “(A) the amount in effect in the calendar
2 year in which the determination under this
3 paragraph is made, or

4 “(B) the product of \$1,000 and the ratio
5 of the national average wage index (as defined
6 in section 209(k)(1) of the Social Security Act)
7 for the calendar year before the year in which
8 the determination under this paragraph is made
9 to the national average wage index (as so de-
10 fined) for the first of the 2 calendar years pre-
11 ceding the calendar year ending after the date
12 of the enactment of the Social Security Guar-
13 antee Plus Act of 2003,

14 with such product, if not a multiple of \$10, being
15 rounded to the next higher multiple of \$10 where
16 such amount is a multiple of \$5 but not of \$10 and
17 to the nearest multiple of \$10 in any other case.

18 “(c) SPECIAL RULES.—

19 “(1) AGREEMENTS BY AMERICAN EMPLOYERS
20 OF FOREIGN AFFILIATES.—Any amounts paid pur-
21 suant to an agreement under section 3121(l) (relat-
22 ing to agreements entered into by American employ-
23 ers with respect to foreign affiliates) which are
24 equivalent to the taxes referred to in subsection

1 (b)(1)(A) shall be treated as taxes referred to in
2 such subsection.

3 “(2) COORDINATION WITH SPECIAL REFUND OF
4 SOCIAL SECURITY TAXES.—For purposes of sub-
5 section (b)(1)(A), tax imposed by section 3101 shall
6 not include any taxes to the extent the individual is
7 entitled to a special refund of such taxes under sec-
8 tion 6413(c).

9 “(d) PAYMENT.—Notwithstanding any other provi-
10 sion of this title, the payment under subsection (a) shall
11 be paid only as provided in section 253 of the Social Secu-
12 rity Act.”.

13 (b) CONFORMING AMENDMENT.—The table of sec-
14 tions for chapter 25 of such Code is amended by adding
15 at the end the following new item:

“Sec. 3511. Social Security guarantee refundable credit.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to remuneration received, and net
18 earnings for self-employment for services performed, in
19 calendar years ending after the date of the enactment of
20 this Act.

21 **SEC. 102. ESTABLISHMENT OF THE SOCIAL SECURITY**
22 **GUARANTEE PROGRAM.**

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

1 (1) by inserting before section 201 the fol-
2 lowing:

3 “PART A—INSURANCE BENEFITS”;

4 and

5 (2) by adding at the end of such title the fol-
6 lowing new part:

7 “PART B—SOCIAL SECURITY GUARANTEE PROGRAM

8 “DEFINITIONS

9 “SEC. 251. For purposes of this part—

10 “(1) COVERED INDIVIDUAL.—The term ‘cov-
11 ered individual’ means an individual who has filed
12 an election under section 253(b).

13 “(2) ACCOUNT ASSETS.—The term ‘account as-
14 sets’ means, with respect to a Social Security guar-
15 antee account, the total amount transferred to such
16 account, increased by earnings credited under this
17 part and reduced by losses and administrative ex-
18 penses under this part.

19 “(3) CERTIFIED ACCOUNT MANAGER.—The
20 term ‘certified account manager’ means a person
21 who is certified under section 257(b).

22 “(4) BOARD.—The term ‘Board’ means the So-
23 cial Security Guarantee Board established under sec-
24 tion 257(a).

1 “(5) COMMISSIONER.—The term ‘Commis-
2 sioner’ means the Commissioner of Social Security.

3 “(6) PROGRAM.—The term ‘Program’ means
4 the Social Security Guarantee Program established
5 under this part.

6 “(7) COVERED MONTHLY INSURANCE BEN-
7 EFIT.—The term ‘covered monthly insurance benefit’
8 means a monthly insurance benefit under section
9 202 or 223, other than a child’s insurance benefit
10 under section 202(d) of a child who has not attained
11 age 18 (or who is a full-time elementary or sec-
12 ondary school student (as defined in section
13 202(d)(7)(A)) and has not attained age 19).

14 “ESTABLISHMENT OF PROGRAM

15 “SEC. 252. There is hereby established a Social Secu-
16 rity Guarantee Program. The Program shall be governed
17 by regulations which shall be prescribed by the Social Se-
18 curity Guarantee Board. The Board, the Executive Direc-
19 tor appointed by the Board, the Commissioner, and the
20 Secretary of the Treasury shall consult with each other
21 in issuing regulations relating to their respective duties
22 under this part. Such regulations shall provide for appro-
23 priate exchange of information to assist them in per-
24 forming their duties under this part.

1 “SOCIAL SECURITY GUARANTEE ACCOUNTS

2 “SEC. 253. (a) ESTABLISHMENT OF ACCOUNTS.—

3 Under regulations which shall be prescribed by the Board

4 in consultation with the Secretary of the Treasury—

5 “(1) the Board shall establish a Social Security

6 guarantee account for each covered individual (for

7 whom a Social Security guarantee account has not

8 otherwise been established under this part) upon ini-

9 tial receipt of a transfer under subsection (c) with

10 respect to such covered individual, and

11 “(2) in any case described in paragraph (2) of

12 section 256(d), the Board shall establish a Social

13 Security guarantee account for the divorced spouse

14 referred to in such paragraph (2).

15 “(b) ELECTION OF STATUS AS COVERED INDI-

16 VIDUAL.—

17 “(1) IN GENERAL.—Any individual who has at-

18 tained age 18 and has been assigned a social secu-

19 rity account number under section 205(c) may elect

20 to be a covered individual under this part upon filing

21 an election under this subsection in a form and man-

22 ner which shall be prescribed in regulations of the

23 Commissioner of Social Security, in consultation

24 with the Board. Such regulations shall provide for

25 the filing of such elections during regularly sched-

1 uled intervals. Such an election shall be irrevocable
2 and shall be effective with respect to wages earned,
3 and self-employment income derived, on or after
4 January 1 following the date of such filing.

5 “(2) REQUIREMENTS.—An election by an indi-
6 vidual under this subsection is an election, filed with
7 the Commissioner, in such form and manner as shall
8 be prescribed in regulations of the Commissioner,
9 consisting of a written and signed declaration of
10 such individual’s intention to become a covered indi-
11 vidual under this part. The Commissioner shall pro-
12 vide for immediate notification to the Board and the
13 Executive Director of such election.

14 “(c) TRANSFERS OF SOCIAL SECURITY GUARANTEE
15 REFUNDABLE CREDITS.—

16 “(1) IN GENERAL.—Under regulations which
17 shall be prescribed by the Secretary of the Treasury
18 in consultation with the Board, as soon as prac-
19 ticable during the 1-year period after each calendar
20 year, while minimizing capital market distortions,
21 the Secretary of the Treasury shall transfer to each
22 covered individual’s Social Security guarantee ac-
23 count, from amounts otherwise available in the gen-
24 eral fund of the Treasury, an amount equal to the
25 sum of—

1 “(A) the amount payable to the covered in-
2 dividual’s Social Security guarantee account
3 under section 3511 of the Internal Revenue
4 Code of 1986 (relating to the Social Security
5 guarantee refundable credit) with respect to
6 wages received during such calendar year by the
7 covered individual and self-employment income
8 derived by the covered individual during the
9 such individual’s taxable year ending in such
10 calendar year, and

11 “(B) deemed interest on the amount deter-
12 mined under subparagraph (A) for the period
13 commencing with July 1 of such calendar year
14 and ending with the date of the transfer, com-
15 puted at a rate equal to the average market
16 yield (computed by the Managing Trustee on
17 the basis of market quotations as of the end of
18 the calendar month next preceding the date of
19 the transfer) on all marketable interest-bearing
20 obligations of the United States then forming a
21 part of the public debt which are not due or
22 callable earlier than 4 years after the end of
23 such calendar month (rounding any average
24 market yield computed under this paragraph

1 which is not a multiple of $\frac{1}{8}$ of 1 percent to the
2 nearest multiple of $\frac{1}{8}$ of 1 percent).

3 “(2) TRANSITION RULE.—Notwithstanding
4 paragraph (1), amounts payable to Social Security
5 guarantee accounts under paragraph (1) with re-
6 spect to the first calendar year described in para-
7 graph (1)(A) ending after the date of the enactment
8 of the Social Security Guarantee Plus Act of 2003
9 shall be paid by the Secretary of the Treasury as
10 soon as practicable after such Secretary determines
11 that the administrative mechanisms necessary to
12 provide for accurate and efficient payment of such
13 amounts have been established.

14 “(3) AVAILABILITY OF TRUST FUNDS FOR
15 TRANSFERS.—

16 “(A) RECOMMENDATIONS BY MANAGING
17 TRUSTEE.—As determined appropriate from
18 time to time by the Managing Trustee of the
19 Federal Old-Age and Survivors Insurance Trust
20 Fund and the Federal Disability Insurance
21 Trust Fund, the Managing Trustee shall trans-
22 mit to each House of the Congress the Man-
23 aging Trustee’s recommendation that amounts
24 to be transferred to Social Security guarantee
25 accounts under paragraph (1) be transferred

1 from such Trust Funds in lieu of the general
2 fund. Any such recommendation shall take ef-
3 fect only upon ratification thereof by an Act of
4 Congress.

5 “(B) DETERMINATIONS OF AVAIL-
6 ABILITY.—The Managing Trustee may not de-
7 termine that any such transfer from the Trust
8 Funds is appropriate at any time unless the
9 Managing Trustee has determined that
10 amounts in such Trust Fund are available at
11 such time for such transfers. For purposes of
12 this subparagraph, amounts in either of the
13 Trust Funds shall be considered to be available
14 for such transfers at any time only to the ex-
15 tent that the balance in such Trust Fund at
16 such time exceeds the best estimate of the Man-
17 aging Trustee of the projected withdrawals oth-
18 erwise required from such Trust Fund during
19 the next following 1-year period.

20 “(C) ASSUMPTIONS.—In making rec-
21 ommendations under this paragraph, the Man-
22 aging Trustee shall utilize the intermediate ac-
23 tuarial assumptions utilized by the Board of
24 Trustees of the Trust Funds for its most recent
25 annual report issued under section 201(c).

1 “(D) REPORT ON USE OF SOCIAL SECUR-
2 RITY SURPLUSES.—The Managing Trustee shall
3 annually prepare a report consisting of—

4 “(i) the Managing Trustee’s deter-
5 mination of the extent to which amounts
6 have been appropriated from the Trust
7 Funds under this paragraph in connection
8 with Social Security guarantee refundable
9 credits under section 3511 of such Code,
10 and

11 “(ii) the Managing Trustee’s rec-
12 ommendations, based on the Managing
13 Trustee’s review of the financial status of
14 such Trust Funds, with respect to whether
15 or to what extent that portion of the taxes
16 under chapters 2 and 21 of the Internal
17 Revenue Code of 1986 to which surpluses
18 in the Trust Funds may be attributed
19 should be reduced or should be maintained
20 so as to allow for continued appropriations
21 from the Trust Funds under this para-
22 graph in connection with such credits.

23 The Board of Trustees of the Trust Funds
24 shall include such report in the Board’s annual

1 report to the President and the Congress under
2 section 201(c)(2).

3 “(d) REQUIREMENTS FOR ACCOUNTS.—The fol-
4 lowing requirements shall be met with respect to each So-
5 cial Security guarantee account:

6 “(1) Amounts transferred to the account con-
7 sist solely of amounts transferred pursuant to this
8 part.

9 “(2) In accordance with section 254, the ac-
10 count assets are held for purposes of investment
11 under the Program by a certified account manager
12 designated by (or on behalf of) the covered indi-
13 vidual for whom such account is established under
14 the Program.

15 “(3) Disposition of the account assets is made
16 solely in accordance with section 256.

17 “(e) ACCOUNTING OF RECEIPTS AND DISBURSE-
18 MENTS UNDER THE PROGRAM.—The Board shall provide
19 by regulation for an accounting system for purposes of
20 this part—

21 “(1) which shall be maintained by or under the
22 Executive Director,

23 “(2) which shall provide for crediting of earn-
24 ings from, and debiting of losses and administrative

1 expenses from, amounts held in Social Security
2 guarantee accounts, and

3 “(3) under which receipts and disbursements
4 under the Program which are attributable to each
5 account are separately accounted for with respect to
6 such account.

7 “(f) CORRECTION OF ERRONEOUS TRANSFERS.—
8 The Board, in consultation with the Commissioner, shall
9 provide by regulation rules similar to paragraphs (4)
10 through (7) and (9) of section 205(c) and section 205(g)
11 with respect to the correction of erroneous or omitted
12 transfers of amounts to Social Security guarantee ac-
13 counts.

14 “INVESTMENT OF ACCOUNTS

15 “SEC. 254. (a) DESIGNATION OF CERTIFIED AC-
16 COUNT MANAGERS.—Under the Program, a certified ac-
17 count manager shall be designated by or on behalf of each
18 covered individual to hold for investment under this sec-
19 tion such individual’s Social Security guarantee account
20 assets.

21 “(b) PROCEDURE FOR DESIGNATION.—Any designa-
22 tion made under subsection (a) shall be made in such form
23 and manner as shall be prescribed in regulations pre-
24 scribed by the Board, following the initiation of an edu-
25 cational campaign as provided in section 257(a)(3)(C).
26 Such regulations shall provide for annual selection periods

1 during which covered individuals may make designations
2 pursuant to subsection (a). Designations made pursuant
3 to subsection (a) during any such period shall be irrev-
4 ocable for the one-year period following such period, ex-
5 cept that such regulations shall provide for such interim
6 designations as may be necessitated by the decertification
7 of a certified account manager. Such regulations shall pro-
8 vide for such designations made by the Board on behalf
9 of a covered individual in any case in which a timely des-
10 ignation is not made by the covered individual.

11 “(c) INVESTMENT GUIDELINES.—

12 “(1) IN GENERAL.—For purposes of investment
13 of amounts held in each Social Security guarantee
14 account, the Board shall provide by regulation for 3
15 investment options. Such options shall consist of the
16 60/40 investment option, the 65/35 investment op-
17 tion, and the 70/30 investment option.

18 “(2) ALTERNATIVE INVESTMENT OPTIONS.—

19 “(A) THE 60/40 INVESTMENT OPTION.—
20 Under the 60/40 investment option, amounts
21 are held in the Social Security guarantee ac-
22 count so as to ensure, to the maximum extent
23 practicable, that, of the total balance credited
24 to the account and available for investment
25 (after allowing for administrative expenses)—

1 “(i) 60 percent is invested in common
2 stock as provided in paragraph (4), and

3 “(ii) 40 percent is invested in fixed in-
4 come securities as provided in paragraph
5 (5).

6 For such purpose, certified account managers
7 shall offer each account holder a choice of one
8 or more portfolios of each such type of invest-
9 ment. Except as provided in an election under
10 paragraph (3), amounts held in a Social Secu-
11 rity guarantee account shall be invested under
12 the 60/40 investment option.

13 “(B) THE 65/35 INVESTMENT OPTION.—
14 Under the 65/35 investment option, amounts
15 are held in the Social Security guarantee ac-
16 count so as to ensure, to the maximum extent
17 practicable, that, of the total balance credited
18 to the account and available for investment
19 (after allowing for administrative expenses)—

20 “(i) 65 percent is invested in common
21 stock as provided in paragraph (4), and

22 “(ii) 35 percent is invested in fixed in-
23 come securities as provided in paragraph
24 (5).

1 For such purpose, certified account managers
2 shall offer each account holder a choice of one
3 or more portfolios of each such type of invest-
4 ment.

5 “(C) THE 70/30 INVESTMENT OPTION.—
6 Under the 70/30 investment option, amounts
7 are held in the Social Security guarantee ac-
8 count so as to ensure, to the maximum extent
9 practicable, that, of the total balance credited
10 to the account and available for investment
11 (after allowing for administrative expenses)—

12 “(i) 70 percent is invested in common
13 stock as provided in paragraph (4), and

14 “(ii) 30 percent is invested in fixed in-
15 come securities as provided in paragraph
16 (5).

17 For such purpose, certified account managers
18 shall offer each account holder a choice of one
19 or more portfolios of each such type of invest-
20 ment.

21 “(3) ELECTIONS AMONG INVESTMENT OP-
22 TIONS.—Pursuant to any individual’s written elec-
23 tion filed in accordance with regulations of the
24 Board during annual open seasons specified in such
25 regulations, the certified account manager of the in-

1 dividual’s Social Security guarantee account shall, in
2 accordance with such regulations, provide for dis-
3 investment and reinvestment of amounts held in the
4 account under any of the investment options de-
5 scribed in paragraph (2) so as to provide for invest-
6 ment of amounts held in the account in any of the
7 other such investment options specified in such elec-
8 tion.

9 “(4) COMMON STOCK INDEX REQUIREMENTS.—

10 The Board shall establish by regulation standards
11 which must be met by any portfolio of common stock
12 selected for investment of account assets as provided
13 in subparagraph (A)(i), (B)(i), or (C)(i) of para-
14 graph (2), consistent with the requirement that such
15 portfolio replicate the performance of one or more
16 common stock indices comprised of common stock
17 the aggregate market value of which is, in each case,
18 a reasonably broad representation of publicly held
19 companies whose shares are traded on the equity
20 markets.

21 “(5) FIXED INCOME SECURITIES REQUIRE-

22 MENTS.—The Board shall establish by regulation
23 standards which must be met by fixed income securi-
24 ties selected for investment of account assets as pro-
25 vided in subparagraph (A)(ii), (B)(ii), or (C)(ii) of

1 paragraph (2). Amounts invested in fixed income se-
 2 curities by a certified account manager under the
 3 Program shall be held in a portfolio which shall con-
 4 sist of a diverse range of high-grade corporate
 5 bonds.

6 “(d) DIVERSIFICATION STANDARDS.—The Board
 7 shall specify by regulation standards governing invest-
 8 ments under this section to ensure prudent diversification
 9 among the investments under the Program.

10 “DETERMINATION OF MONTHLY ANNUITY AMOUNTS AND
 11 USE IN DETERMINING ACCOUNT DISTRIBUTION SUP-
 12 PLEMENTS

13 “SEC. 255. (a) MONTHLY ANNUITY AMOUNTS.—

14 “(1) IN GENERAL.—In accordance with regula-
 15 tions of the Board meeting the requirements of this
 16 section, the Commissioner shall determine a monthly
 17 annuity amount in connection with such covered in-
 18 dividual’s Social Security guarantee account, for
 19 each month—

20 “(A) which commences after such indi-
 21 vidual becomes a covered individual,

22 “(B) for which such individual is entitled
 23 to a covered monthly insurance benefit under
 24 part A, and

25 “(C) which ends prior to or with—

1 “(i) the date of the covered individ-
2 ual’s death, or

3 “(ii) if later, the date of the death of
4 the covered individual’s spouse (if any), ex-
5 cept as provided in regulations prescribed
6 by the Board pursuant to paragraph (5).

7 “(2) AMOUNT.—The monthly annuity amount
8 shall be equal to the amount which would be the ini-
9 tial monthly payment under—

10 “(A) if the covered individual is not mar-
11 ried on such date, an immediate single life an-
12 nuity for the covered individual, or

13 “(B) if the covered individual is married
14 on such date, an immediate annuity for the
15 joint lives of the covered individual and the cov-
16 ered individual’s spouse, together with a sur-
17 vivor annuity to the one of them who survives
18 the other of them for the life of the survivor
19 payable in monthly installments equal to $66\frac{2}{3}$
20 percent of the monthly payment of the annuity
21 that would be payable if both spouses remained
22 alive,

23 purchased with the balance of the account (deter-
24 mined after payment of the initial lump sum pay-
25 ment under section 256(e)).

1 “(3) ASSUMPTIONS.—The assumptions under
2 this subsection include the probability of survival for
3 persons born in the same year as the covered indi-
4 vidual (and the spouse, in the case of a joint annu-
5 ity), future projection of investment earnings based
6 on investment of the account assets in the 65/35 in-
7 vestment option under section 254(c)(2)(B), and ex-
8 pected price inflation. Determinations under this
9 subsection shall be made in accordance with regula-
10 tions which shall be prescribed by the Board, other-
11 wise using generally accepted actuarial assumptions,
12 except that no differentiation shall be made in such
13 assumptions on the basis of sex, race, health status,
14 or other characteristics other than age.

15 “(4) ADJUSTMENTS BASED ON ADDITIONAL SO-
16 CIAL SECURITY GUARANTEE REFUNDABLE CRED-
17 ITS.—The Board shall annually augment the month-
18 ly annuity amount in connection with each Social
19 Security guarantee account by an additional monthly
20 annuity amount, determined under this subsection
21 on the basis of any additional transfer to the ac-
22 count of a Social Security guarantee refundable
23 credit for the year (plus deemed interest) under sec-
24 tion 253(c), after subtracting the amount of the an-

1 nual lump sum payment made from such account
2 under section 256(c)(2).

3 “(5) TREATMENT OF CHANGES IN MARITAL
4 STATUS AND BENEFIT ELIGIBILITY AFTER COM-
5 MENCEMENT OF ENTITLEMENT TO BENEFITS.—The
6 Board shall provide by regulation for recalculation
7 or adjustment of the monthly annuity amount deter-
8 mined under this subsection in connection with any
9 covered individual’s Social Security guarantee ac-
10 count so as to appropriately take into account any
11 entry into marriage or divorce or changes in eligi-
12 bility for benefits.

13 “(b) AMOUNT OF ACCOUNT DISTRIBUTION SUPPLE-
14 MENT.—The Board shall determine for each month the
15 amount of the monthly account distribution supplement
16 (if any) in connection with a covered individual’s Social
17 Security guarantee account and shall certify such amount
18 to the Commissioner so as to allow inclusion of such sup-
19 plement in each covered monthly insurance benefit pay-
20 ment pursuant to section 202(z) or 223(j). The amount
21 of the supplement for each benefit shall be the excess (if
22 any) of—

23 “(1) the sum of—

24 “(A) the monthly annuity amount in con-
25 nection with such account, plus

1 “(B) in the case of a covered individual
2 surviving a deceased spouse, a monthly amount
3 which would be the monthly equivalent of the
4 survivor annuity described in paragraph (2)(B)
5 in connection with the Social Security guar-
6 antee account of the deceased spouse, over

7 “(2) the amount of the benefit (as determined
8 before applying sections 202(z) and 223(j) and be-
9 fore applying any reduction or deduction applicable
10 under part A).

11 “DISPOSITION OF ACCOUNT ASSETS

12 “SEC. 256. (a) IN GENERAL.—Account assets with
13 respect to covered individuals shall be distributed solely
14 as provided in this section.

15 “(b) ACCOUNT MANAGER TRANSFERS TO THE TRUST
16 FUNDS.—

17 “(1) IN GENERAL.—In accordance with a
18 schedule which shall be prescribed in regulations of
19 the Board, each certified account manager holding
20 account assets shall make account manager trans-
21 fers to the Secretary of the Treasury. Such Sec-
22 retary shall immediately credit each such transfer to
23 the Federal Old-Age and Survivors Insurance Trust
24 Fund or the Federal Disability Insurance Trust
25 Fund, according to an appropriate distribution for-
26 mula which shall be prescribed in regulations of the

1 Executive Director. The Executive Director shall
2 provide to the certified account manager timely in-
3 formation necessary to carry out such account man-
4 ager's duties under this section.

5 “(2) DETERMINATION OF AMOUNT OF ACCOUNT
6 MANAGER TRANSFER.—The amount of each account
7 manager transfer due from a certified account man-
8 ager for any period shall be an amount equal to the
9 sum of—

10 “(A) the aggregate monthly annuity
11 amount or amounts determined under para-
12 graph (3) for the month or months ending dur-
13 ing such period in connection with the Social
14 Security guarantee accounts under the manage-
15 ment of the certified account manager under
16 the Program, and

17 “(B) the aggregate monthly account remit-
18 tance for such period described in paragraph
19 (4) in connection with such accounts.

20 “(3) AGGREGATE MONTHLY ANNUITY
21 AMOUNT.—The aggregate monthly annuity amount
22 for any month in connection with the Social Security
23 guarantee accounts under the management of any
24 certified account manager under the Program is
25 equal to the sum of all monthly annuity amounts in

1 connection with such accounts, determined under
2 section 255.

3 “(4) AGGREGATE MONTHLY ACCOUNT REMIT-
4 TANCE.—The aggregate monthly account remittance
5 for any month in connection with the Social Security
6 guarantee accounts under the management of any
7 certified account manager under the Program is
8 equal to the sum of all the amounts required to be
9 transferred during such month from the certified ac-
10 count manager to the Secretary of the Treasury for
11 crediting to the Federal Old-Age and Survivors In-
12 surance Trust Fund or the Federal Disability Insur-
13 ance Trust Fund under subsection (e)(2) in connec-
14 tion with the deaths of covered individuals for whom
15 such accounts were established under this part.

16 “(5) WITHDRAWALS FROM ACCOUNT BALANCES
17 FOR PURPOSES OF ACCOUNT MANAGER TRANS-
18 FERS.—In advance of each account manager trans-
19 fer required under this subsection to be made by a
20 certified account manager managing one or more
21 Social Security guarantee accounts under the Pro-
22 gram, the Commissioner shall certify to the Execu-
23 tive Director and to such certified account manager
24 the monthly annuity amount in connection with each
25 such account for each month during the period for

1 which such transfer is to be made. At the time of
2 such transfer, the certified account manager may
3 withdraw from the assets of each such account the
4 monthly annuity amount in connection with such ac-
5 count taken into account in determining each of the
6 aggregate monthly annuity amounts included in the
7 amount of the account manager transfer. Such with-
8 drawn assets shall be available to the certified ac-
9 count manager solely for purposes of making such
10 account manager transfer.

11 “(c) LUMP SUM PAYMENTS.—Upon initial entitle-
12 ment of a covered individual to monthly insurance benefits
13 under part A, such individual shall be entitled to—

14 “(1) an initial lump sum payment, from such
15 individual’s Social Security guarantee account, equal
16 to 5 percent of the balance in such account, and

17 “(2) a lump sum payment in connection with
18 each subsequent transfer to such account (pursuant
19 to section 253(e)) of such individual’s social security
20 guarantee refundable credits for years beginning
21 after commencement of such initial entitlement, pay-
22 able as soon as practicable after the transfer, equal
23 to 5 percent of the transferred amount (including
24 deemed interest).

1 The Executive Director shall certify to the certified ac-
2 count manager managing such account the amount of
3 each lump sum payment, and upon receipt of such certifi-
4 cation, the certified account manager shall transfer such
5 certified amount to the Secretary of the Treasury for sub-
6 sequent transfer to the covered individual. Such certifi-
7 cation shall also include such information as may be nec-
8 essary to make each lump sum payment in a timely man-
9 ner.

10 “(d) SPLITTING OF ACCOUNT ASSETS UPON DI-
11 VORCE AFTER 1 YEAR OF MARRIAGE.—Upon the divorce
12 of a covered individual for whom a Social Security guar-
13 antee account has been established under this part, from
14 a spouse to whom the covered individual had been married
15 for at least 1 year—

16 “(1) if a Social Security guarantee account has
17 been established under this part for the divorced
18 spouse of the covered individual, the Board shall di-
19 rect the appropriate certified account manager to
20 transfer—

21 “(A) from the Social Security guarantee
22 account with the greater amount of accruals
23 (including earnings) during the time of the
24 marriage,

25 “(B) to the other such account,

1 an amount equal to one-half of the difference be-
2 tween the amounts of such accruals in such ac-
3 counts, or

4 “(2) if a Social Security guarantee account has
5 not been established for the divorced spouse, the
6 Board shall establish a Social Security guarantee ac-
7 count for the divorced spouse, and shall direct the
8 appropriate certified account manager to transfer—

9 “(A) from the Social Security guarantee
10 account of the covered individual,

11 “(B) to the Social Security guarantee ac-
12 count of the divorced spouse,

13 an amount equal to one-half of the amount of accru-
14 als (including earnings) during the time of the mar-
15 riage in the Social Security guarantee account of the
16 covered individual.

17 In the case of any transfer directed under this subsection,
18 the Executive Director shall certify to the appropriate cer-
19 tified account manager the information necessary to make
20 such transfer.

21 “(e) CLOSING OF ACCOUNT UPON THE DEATH OF
22 THE COVERED INDIVIDUAL.—

23 “(1) TRANSFERS UPON DEATH BEFORE ENTI-
24 TLEMENT.—Upon the death of a covered individual
25 before the individual has become entitled to covered

1 monthly insurance benefits, the Executive Director
2 shall close out the covered individual's Social Secu-
3 rity guarantee account. In closing out the account,
4 the Executive Director shall certify to the certified
5 account manager the amount of the account assets,
6 and, upon receipt of such certification, such certified
7 account manager shall transfer from such account
8 an amount equal to such certified amount to the
9 Secretary of the Treasury for subsequent transfer to
10 the estate of such covered individual.

11 “(2) TRANSFERS UPON DEATH AFTER ENTI-
12 TLEMENT.—

13 “(A) IN GENERAL.—In any case in which
14 the covered individual dies after the individual
15 has become entitled to covered monthly insur-
16 ance benefits, the Executive Director shall, ex-
17 cept as provided in subparagraph (B), close out
18 the covered individual's Social Security guar-
19 antee account upon such covered individual's
20 death.

21 “(B) DELAYED CLOSING IN THE CASE OF
22 SURVIVING SPOUSE.—If the covered individual
23 was married at the time of the covered individ-
24 ual's death, the Executive Director shall close
25 out the covered individual's Social Security

1 guarantee account with the close, upon the sur-
2 viving spouse's death, of the period to which the
3 survivor annuity portion of the monthly annuity
4 amount in connection with such account is ap-
5 plicable under section 255(a). The Board shall
6 from time to time propose to the Congress rec-
7 ommendations for legislative changes necessary
8 to provide for closing of the account in a man-
9 ner and time consistent with regulations pre-
10 scribed pursuant to section 255(a)(5).

11 “(C) CERTIFICATION AND TRANSFER TO
12 TRUST FUNDS.—In closing out the account, the
13 Executive Director shall certify to the certified
14 account manager holding the covered individ-
15 ual's account assets the amount of the account
16 assets, and such certified account manager shall
17 transfer an amount equal to such certified
18 amount to the Secretary of the Treasury for
19 crediting to the Federal Old-Age and Survivors
20 Insurance Trust Fund or the Federal Disability
21 Insurance Trust Fund, as determined appro-
22 priate under regulations of the Board.

23 “(f) CLOSING OF ACCOUNT OF COVERED INDIVID-
24 UALS WHO ARE INELIGIBLE FOR BENEFITS UPON AT-
25 TAINING RETIREMENT AGE.—In any case in which, as of

1 the date on which a covered individual attains retirement
2 age (as defined in section 216(l)), such individual is not
3 eligible for a covered monthly insurance benefit, the Com-
4 missioner shall so certify to the Executive Director and,
5 upon receipt of such certification, the Executive Director
6 shall close out the covered individual's Social Security
7 guarantee account. In closing out the account, the Execu-
8 tive Director shall certify to the certified account manager
9 the amount of the account assets, and upon receipt of such
10 certification from the Executive Director, the account
11 manager shall transfer from such account an amount
12 equal to such certified amount to the Secretary of the
13 Treasury for subsequent transfer to the covered indi-
14 vidual.

15 “(g) ADMINISTRATIVE EXPENSES.—

16 “(1) IN GENERAL.—Under regulations which
17 shall be prescribed by the Board, account assets are
18 available for payment of the reasonable administra-
19 tive costs of the Program (including reasonable ad-
20 ministration fees charged by certified account man-
21 agers under the Program), but in no event to exceed
22 25 basis points per year of the assets under manage-
23 ment.

24 “(2) TEMPORARY AUTHORIZATION OF APPRO-
25 PRIATIONS FOR STARTUP ADMINISTRATIVE COSTS.—

1 For any such administrative costs that remain after
2 applying paragraph (1) for each of the first five fis-
3 cal years that end after the date of the enactment
4 of this part, there are authorized to be appropriated
5 such sums as may be necessary for each of such fis-
6 cal years.

7 “ADMINISTRATION OF THE PROGRAM

8 “SEC. 257. (a) GENERAL PROVISIONS.—

9 “(1) ESTABLISHMENT AND DUTIES OF THE SO-
10 CIAL SECURITY GUARANTEE BOARD.—

11 “(A) ESTABLISHMENT.—There is estab-
12 lished in the Social Security Administration a
13 Social Security Guarantee Board.

14 “(B) MEMBERSHIP.—The Board shall be
15 composed of 6 members appointed by the Board
16 of Trustees of the Federal Old-Age and Sur-
17 vivors Insurance Trust Fund and the Federal
18 Disability Insurance Trust Fund. One member
19 shall serve as Chairman, as designated by the
20 Board of Trustees. Members of the Board shall
21 have substantial experience, training, and ex-
22 pertise in the area of pension benefits, finance,
23 investment, or insurance.

24 “(C) TERMS.—

25 “(i) IN GENERAL.—A member of the
26 Board shall be appointed for a term of 9

1 years, subject only to removal by the
2 Board of Trustees for cause, except that of
3 the members first appointed—

4 “(I) two shall be appointed for a
5 term of 3 years;

6 “(II) two shall be appointed for a
7 term of 6 years; and

8 “(III) two shall be appointed for
9 a term of 9 years.

10 “(ii) VACANCIES.— A vacancy on the
11 Board shall be filled in the manner in
12 which the original appointment was made
13 and shall be subject to any conditions
14 which applied with respect to the original
15 appointment. An individual chosen to fill a
16 vacancy shall be appointed for the unex-
17 pired term of the member replaced. The
18 term of any member shall not expire before
19 the date on which the member’s successor
20 takes office.

21 “(D) POWERS AND DUTIES OF THE
22 BOARD.—

23 “(i) IN GENERAL.—The Board shall
24 have powers and duties solely as provided
25 in this part. The Board shall prescribe by

1 regulation the terms of the Social Security
2 Guarantee Program established under this
3 part, including policies for investment
4 under the Program of account assets, and
5 policies for the certification and decerti-
6 fication of account managers under the
7 Program, which shall include consideration
8 of the appropriateness of the marketing
9 materials and plans of such person.

10 “(ii) BUDGETARY REQUIREMENTS.—

11 The Board shall prepare and submit to the
12 President and to the appropriate commit-
13 tees of Congress an annual budget of the
14 expenses and other items relating to the
15 Board which shall be included as a sepa-
16 rate item in the budget required to be
17 transmitted to the Congress under section
18 1105 of title 31, United States Code. The
19 Board shall provide for low administrative
20 costs such that, to the extent practicable,
21 overall administrative costs of the Program
22 do not exceed 25 basis points in relation to
23 assets under management under the Pro-
24 gram.

1 “(E) ADDITIONAL AUTHORITIES OF THE
2 BOARD.—The Board may—

3 “(i) adopt, alter, and use a seal;

4 “(ii) establish policies with which the
5 Commissioner shall comply under this
6 part; and

7 “(iii) appoint and remove the Execu-
8 tive Director, as provided in paragraph (2).

9 “(F) INDEPENDENCE OF CERTIFIED AC-
10 COUNT MANAGERS.—The policies of the Board
11 may not require a certified account manager to
12 invest or to cause to be invested any account
13 assets in a specific asset or to dispose of or
14 cause to be disposed of any specific asset so
15 held.

16 “(G) MEETINGS OF THE BOARD.—The
17 Board shall meet at the call of the Chairman or
18 upon the request of a quorum of the Board.
19 The Board shall perform the functions and ex-
20 ercise the powers of the Board on a majority
21 vote of a quorum of the Board. Four members
22 of the Board shall constitute a quorum for the
23 transaction of business.

24 “(H) COMPENSATION OF BOARD MEM-
25 BERS.—

1 “(i) IN GENERAL.—Each member of
2 the Board who is not an officer or em-
3 ployee of the Federal Government shall be
4 compensated at the daily rate of basic pay
5 for level I of the Executive Schedule for
6 each day during which such member is en-
7 gaged in performing a function of the
8 Board. Any member who is such an officer
9 or employee shall not suffer any loss of pay
10 or deduction from annual leave on the
11 basis of any time used by such member in
12 performing such a function.

13 “(ii) TRAVEL, PER DIEM, AND EX-
14 PENSES.—A member of the Board shall be
15 paid travel, per diem, and other necessary
16 expenses under subchapter I of chapter 57
17 of title 5, United States Code, while trav-
18 eling away from such member’s home or
19 regular place of business in the perform-
20 ance of the duties of the Board.

21 “(I) STANDARD FOR BOARD’S DISCHARGE
22 OF RESPONSIBILITIES.—The members of the
23 Board shall discharge their responsibilities sole-
24 ly in the interest of covered individuals and the
25 Program.

1 “(J) ANNUAL REPORT.—The Board shall
2 submit an annual report to the President, to
3 each House of the Congress, and to the Board
4 of Trustees of the Federal Old-Age and Sur-
5 vivors Insurance Trust Fund and the Federal
6 Disability Insurance Trust Fund regarding the
7 financial and operating condition of the Pro-
8 gram.

9 “(K) PUBLIC ACCOUNTANT.—

10 “(i) DEFINITION.—For purposes of
11 this subparagraph, the term ‘qualified pub-
12 lic accountant’ shall have the same mean-
13 ing as provided in section 103(a)(3)(D) of
14 the Employee Retirement Income Security
15 Act of 1974 (29 U.S.C. 1023(a)(3)(D)).

16 “(ii) ENGAGEMENT.—The Executive
17 Director, in consultation with the Board,
18 shall annually engage, on behalf of all indi-
19 viduals for whom a Social Security guar-
20 antee account is established under this
21 part, an independent qualified public ac-
22 countant, who shall conduct an examina-
23 tion of all records maintained in the ad-
24 ministration of this part that the public ac-
25 countant considers necessary.

1 “(iii) DUTIES.—The public account-
2 ant conducting an examination under
3 clause (ii) shall determine whether the
4 records referred to in such clause have
5 been maintained in conformity with gen-
6 erally accepted accounting principles. The
7 public accountant shall transmit to the
8 Board a report on his examination.

9 “(iv) RELIANCE ON CERTIFIED ACTU-
10 ARIAL MATTERS.—In making a determina-
11 tion under clause (iii), a public accountant
12 may rely on the correctness of any actu-
13 arial matter certified by an enrolled actu-
14 ary if the public accountant states his reli-
15 ance in the report transmitted to the
16 Board under such clause.

17 “(2) EXECUTIVE DIRECTOR.—

18 “(A) APPOINTMENT AND REMOVAL.—The
19 Board shall appoint, without regard to the pro-
20 visions of law governing appointments in the
21 competitive service, an Executive Director by
22 action agreed to by a majority of the members
23 of the Board. The Executive Director shall have
24 substantial experience, training, and expertise
25 in the management of financial investments and

1 pension benefit plans. The Board may, with the
2 concurrence of 4 members of the Board, remove
3 the Executive Director from office for good
4 cause shown.

5 “(B) POWERS AND DUTIES OF EXECUTIVE
6 DIRECTOR.—The Executive Director shall—

7 “(i) carry out the policies established
8 by the Board,

9 “(ii) administer the provisions of this
10 part in accordance with the policies of the
11 Board,

12 “(iii) in consultation with the Board,
13 prescribe such regulations (other than reg-
14 ulations relating to fiduciary responsibil-
15 ities) as may be necessary for the adminis-
16 tration of this part, and

17 “(iv) meet from time to time with the
18 Board upon request of the Board.

19 “(C) ADMINISTRATIVE AUTHORITIES OF
20 EXECUTIVE DIRECTOR.—The Executive Direc-
21 tor may—

22 “(i) appoint such personnel as may be
23 necessary to carry out the provisions of
24 this part,

1 “(ii) subject to approval by the Board,
2 procure the services of experts and consult-
3 ants under section 3109 of title 5, United
4 States Code,

5 “(iii) secure directly from any agency
6 or instrumentality of the Federal Govern-
7 ment any information which, in the judg-
8 ment of the Executive Director, is nec-
9 essary to carry out the provisions of this
10 part and the policies of the Board, and
11 which shall be provided by such agency or
12 instrumentality upon the request of the
13 Executive Director,

14 “(iv) pay the compensation, per diem,
15 and travel expenses of individuals ap-
16 pointed under clauses (i), (ii), and (v) of
17 this subparagraph, subject to such limits
18 as may be established by the Board,

19 “(v) accept and use the services of in-
20 dividuals employed intermittently in the
21 Government service and reimburse such in-
22 dividuals for travel expenses, as authorized
23 by section 5703 of title 5, United States
24 Code, including per diem as authorized by
25 section 5702 of such title, and

1 “(vi) except as otherwise expressly
2 prohibited by law or the policies of the
3 Board, delegate any of the Executive Di-
4 rector’s functions to such employees under
5 the Board as the Executive Director may
6 designate and authorize such successive re-
7 delegations of such functions to such em-
8 ployees under the Board as the Executive
9 Director may consider to be necessary or
10 appropriate.

11 “(3) ROLE OF THE COMMISSIONER OF SOCIAL
12 SECURITY.—The Commissioner shall—

13 “(A) prescribe such regulations (supple-
14 mentary to and consistent with the regulations
15 prescribed by the Board and the Executive Di-
16 rector) as may be necessary for carrying out the
17 duties of the Commissioner under this part,

18 “(B) meet from time to time with, and
19 provide information to, the Board upon request
20 of the Board regarding matters relating to the
21 Social Security Guarantee Program, and

22 “(C) in consultation with the Board and
23 utilizing available Federal agencies and re-
24 sources, develop a campaign to educate workers
25 about the Program.

1 “(b) CERTIFICATION AND OVERSIGHT OF ACCOUNT
2 MANAGERS.—

3 “(1) CERTIFICATION BY THE BOARD.—

4 “(A) IN GENERAL.—Any person that is a
5 qualified professional asset manager (as defined
6 in section 8438(a)(8) of title 5, United States
7 Code) may apply to the Board (in such form
8 and manner as shall be provided by the Board
9 by regulation) for certification under this sub-
10 section as a certified account manager. In mak-
11 ing certification decisions, the Board shall con-
12 sider the applicant’s general character and fit-
13 ness, financial history and future earnings pros-
14 pects, and ability to serve covered individuals
15 under the Program, and such other criteria as
16 the Board deems necessary to carry out this
17 part. Certification of any person under this sub-
18 section shall be contingent upon entry into a
19 contractual arrangement between the Board
20 and such person.

21 “(B) NONDELEGATION REQUIREMENT.—

22 The authority of the Board to make any deter-
23 mination to deny any application under this
24 subsection may not be delegated by the Board.

1 “(2) OVERSIGHT OF CERTIFIED ACCOUNT MAN-
2 AGERS.—

3 “(A) ROLE OF REGULATORY AGENCIES.—

4 The Board may enter into cooperative arrange-
5 ments with Federal and State regulatory agen-
6 cies identified by the Board as having jurisdic-
7 tion over persons eligible for certification under
8 this subsection so as to ensure that the provi-
9 sions of this part are enforced with respect to
10 certified account managers in a manner con-
11 sistent with and supportive of the requirements
12 of other provisions of Federal law applicable to
13 them. Such Federal regulatory agencies shall
14 cooperate with the Board to the extent that the
15 Board determines that such cooperation is nec-
16 essary and appropriate to ensure that the provi-
17 sions of this part are effectively implemented.

18 “(B) ACCESS TO RECORDS.—The Board
19 may from time to time require any certified ac-
20 count manager to file such reports as the Board
21 may specify by regulation as necessary for the
22 administration of this part. In prescribing such
23 regulations, the Board shall minimize the regu-
24 latory burden imposed upon certified account
25 managers while taking into account the benefit

1 of the information to the Board in carrying out
2 its functions under this part.

3 “(3) REVOCATION OF CERTIFICATION.—The
4 Board shall provide, in the contractual arrangements
5 entered into under this subsection with each certified
6 account manager, for revocation of such person’s
7 status as a certified account manager upon deter-
8 mination by the Board of such person’s failure to
9 comply with the requirements of such contractual ar-
10 rangements. Such arrangements shall include provi-
11 sion for notice and opportunity for review of any
12 such revocation.

13 “(c) FIDUCIARY RESPONSIBILITIES.—

14 “(1) IN GENERAL.—Rules similar to the provi-
15 sions of section 8477 of title 5, United States Code
16 (relating to fiduciary responsibilities; liability and
17 penalties) shall apply in connection with account as-
18 sets, in accordance with regulations which shall be
19 issued by the Board. The Board shall issue regula-
20 tions with respect to the investigative authority of
21 appropriate Federal agencies in cases involving ac-
22 count assets.

23 “(2) EXCULPATORY PROVISIONS VOIDED.—Any
24 provision in an agreement or instrument which pur-
25 ports to relieve a fiduciary from responsibility or li-

1 ability for any responsibility, obligation, or duty
2 under this part shall be void.

3 “(d) CIVIL ACTIONS BY BOARD.—If any person fails
4 to meet any requirement of this part or of any contract
5 entered into under this part, the Board may bring a civil
6 action in any district court of the United States within
7 the jurisdiction of which such person’s assets are located
8 or in which such person resides or is found, without regard
9 to the amount in controversy, for appropriate relief to re-
10 dress the violation or enforce the provisions of this part,
11 and process in such an action may be served in any dis-
12 trict.

13 “(e) PREEMPTION OF INCONSISTENT STATE LAW.—
14 A provision of this part shall not be construed to preempt
15 any provision of the law of any State or political subdivi-
16 sion thereof, or prevent a State or political subdivision
17 thereof from enacting any provision of law with respect
18 to the subject matter of this part, except to the extent
19 that such provision of State law is inconsistent with this
20 part, and then only to the extent of the inconsistency.”.

21 (b) CONFORMING AMENDMENTS.—(1) Section
22 701(b) of the Social Security Act (42 U.S.C. 901(b)) is
23 amended by striking “title II” and inserting “part A of
24 title II, the Social Security Guarantee Program under part
25 B of title II,”.

1 (2) Section 702(a)(4) of the Social Security Act (42
2 U.S.C. 902(a)(4)) is amended by inserting “other than
3 those of the Social Security Guarantee Board” after “Ad-
4 ministration”, and by striking “thereof” and inserting “of
5 the Administration in connection with the exercise of such
6 powers and the discharge of such duties”.

7 **SEC. 103. BENEFIT INCREASES.**

8 (a) OLD-AGE INSURANCE BENEFITS AND OTHER
9 BENEFITS UNDER SECTION 202.—Section 202 of the So-
10 cial Security Act (42 U.S.C. 402) is amended by adding
11 at the end the following new subsection:

12 “Account Distribution Supplements

13 “(z) Each monthly insurance benefit under this sec-
14 tion (after application of any reduction or deduction appli-
15 cable under this section or under any other provision of
16 this part) shall be increased by the amount of the account
17 distribution supplement determined for such benefit under
18 section 255.”.

19 (b) DISABILITY INSURANCE BENEFITS.—Section 223
20 of such Act (42 U.S.C. 423) is amended by adding at the
21 end the following new subsection:

22 “Account Distribution Supplements

23 “(j) Each monthly insurance benefit under this sec-
24 tion (after application of any reduction or deduction appli-
25 cable under this part) shall be increased by the amount

1 of the account distribution supplement determined for
2 such benefit under section 255.”.

3 **SEC. 104. TAX TREATMENT.**

4 (a) TAX TREATMENT OF SOCIAL SECURITY GUAR-
5 ANTEE ACCOUNTS.—Section 7701 of the Internal Revenue
6 Code of 1986 (relating to definitions) is amended by redес-
7 ignating subsection (n) as subsection (o) and by inserting
8 after (m) the following new subsection:

9 “(n) TAX TREATMENT OF SOCIAL SECURITY GUAR-
10 ANTEE ACCOUNTS.—All Social Security guarantee ac-
11 counts established under part B of title II of the Social
12 Security Act shall be exempt from taxation under this
13 title.”.

14 (b) BENEFITS TAXABLE AS SOCIAL SECURITY BENE-
15 FITS.—

16 (1) MONTHLY BENEFITS.—Section 86(d) of
17 such Code (relating to definition of Social Security
18 benefit) is amended to read as follows:

19 “(A) a monthly benefit under part A of
20 title II of the Social Security Act (including an
21 account distribution supplement referred to in
22 section 202(z) and 223(j) of such Act), or”.

23 (2) SPECIAL RULES RELATING TO LUMP SUM
24 PAYMENT UNDER SECTION 256(c) OF SOCIAL SECU-
25 RITY ACT.—

1 (A) Section 86(a) of such Code is amended
2 by adding at the end the following new para-
3 graph:

4 “(3) INCLUSION IN GROSS INCOME OF LUMP
5 SUM PAYMENT UNDER SECTION 256(c) OF SOCIAL
6 SECURITY ACT.—

7 “(A) IN GENERAL.—A lump sum payment
8 received under section 256(c) of the Social Se-
9 curity Act shall be includible in gross income in
10 the amount provided by subparagraph (B).
11 Such payment shall not be treated as a social
12 security benefit for purposes of this section.

13 “(B) AMOUNT INCLUDED IN INCOME.—
14 The portion of such lump sum payment that is
15 includible in gross income shall be equal to an
16 amount which bears the same ratio to the total
17 amount of such payment as the portion of so-
18 cial security benefits included in gross income
19 under paragraphs (1) and (2) bears to the total
20 amount of such benefits.”.

21 (B) SPECIAL RULE RELATING TO NON-
22 RESIDENT ALIEN INDIVIDUALS.—Section
23 871(a)(3) of such Code is amended by inserting
24 “and of any lump sum payment received under

1 section 256(e) of the Social Security Act” after
2 “section 86(d)”.

3 (C) TRANSFERS TO TRUST FUNDS.—

4 (i) IN GENERAL.—Paragraph (1) of
5 section 121(e) of the Social Security
6 Amendments of 1983 (Public Law 98–21;
7 42 U.S.C. 401 note) is amended by adding
8 at the end the following new subparagraph:

9 “(C) There are hereby appropriated to each
10 payor fund amounts equivalent to the aggregate in-
11 crease in tax liabilities under chapter 1 of the Inter-
12 nal Revenue Code of 1986 which is attributable to
13 the application of section 86 and section 871(a)(3)
14 of such Code to lump sum payments received under
15 section 256(e) of the Social Security Act by individ-
16 uals entitled to benefits payable from such payor
17 fund.”.

18 (ii) CONFORMING AMENDMENT.—Sec-
19 tion 121(e)(2) of such Act is amended by
20 striking “paragraph (1)(A)” and inserting
21 “paragraphs (1)(A) and (B)”.

22 (3) SPECIAL RULES RELATING TO DISTRIBUTION OF CLOSED ACCOUNT UNDER SECTION 256(f)
23 OF SOCIAL SECURITY ACT.—Section 86(a) of such
24

1 Code is amended by adding at the end the following
2 new paragraph:

3 “(4) EXTENSION OF PARAGRAPH (2)(B) TO DIS-
4 TRIBUTIONS OF CLOSED ACCOUNT UNDER SECTION
5 256(f) OF SOCIAL SECURITY ACT.—Notwithstanding
6 any other provision of this subsection, in the case of
7 any amount received pursuant to the closing of an
8 account under section 256(f) of the Social Security
9 Act, paragraph (2)(B) shall apply to such amounts,
10 and for such purposes the amount allocated to the
11 investment in the contract shall be zero.”.

12 (4) EFFECTIVE DATE.—The amendments made
13 by this subsection shall apply to taxable years begin-
14 ning after the end of the calendar year in which this
15 Act is enacted.

16 (c) ESTATE TAX NOT TO APPLY TO ASSETS OF SO-
17 CIAL SECURITY GUARANTEE ACCOUNTS.—

18 (1) IN GENERAL.—Part IV of subchapter A of
19 chapter 11 of the Internal Revenue Code of 1986
20 (relating to taxable estate) is amended by adding at
21 the end the following new section:

22 **“SEC. 2059. SOCIAL SECURITY GUARANTEE ACCOUNTS.**

23 “For purposes of the tax imposed by section 2001,
24 the value of the taxable estate shall be determined by de-
25 ducting from the value of the gross estate an amount

1 equal to the value of the assets of a Social Security guar-
2 antee account transferred by the Secretary to the estate
3 of the decedent under section 256 of the Social Security
4 Act.”.

5 (2) CLERICAL AMENDMENT.—The table of sec-
6 tions for part IV of subchapter A of chapter 11 of
7 such Code is amended by adding at the end the fol-
8 lowing new item:

“Sec. 2059. Social Security guarantee accounts.”.

9 (3) EFFECTIVE DATE.—The amendments made
10 by this subsection shall apply to decedents dying in
11 or after the calendar year in which this Act is en-
12 acted.

13 **SEC. 105. ANNUAL ACCOUNT STATEMENTS.**

14 Section 1143 of the Social Security Act (42 U.S.C.
15 1320b–13) is amended by adding at the end the following
16 new subsection:

17 “Performance of Social Security Guarantee Accounts

18 “(d) Beginning not later than 1 year after the date
19 of the first deposit is made to an eligible individual’s So-
20 cial Security guaranty account, each statement provided
21 to such eligible individual under this section shall include
22 information determined by the Social Security Guarantee
23 Board as sufficient to fully inform such eligible individual
24 annually of the balance, investment performance, and ad-
25 ministrative expenses of such account.”.

TITLE II—BENEFIT UPDATES

SEC. 201. ELIMINATION OF THE SOCIAL SECURITY EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED AGE 62.

(a) IN GENERAL.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking “retirement age (as defined in section 216(l))” and inserting “the age of 62”;

(2) in clause (B) of the last sentence of subsection (f)(1), by striking “retirement age (as defined in section 216(l))” and inserting “the age of 62”;

(3) in subsection (f)(3), by striking “retirement age (as defined in section 216(l))” and inserting “the age of 62”;

(4) in subsection (h)(1)(A), by striking “retirement age (as defined in section 216(l))” each place it appears and inserting “the age of 62”; and

(5) in subsection (j)—

(A) in the heading, by striking “Retirement Age” and inserting “Age 62”; and

(B) by striking “retirement age (as defined in section 216(l))” and inserting “the age of 62”.

1 (b) CONFORMING AMENDMENTS ELIMINATING THE
2 SPECIAL EXEMPT AMOUNT FOR YEAR OF ATTAINING RE-
3 TIREMENT AGE.—

4 (1) UNIFORM EXEMPT AMOUNT.—Section
5 203(f)(8)(A) of such Act (42 U.S.C. 403(f)(8)(A)) is
6 amended by striking “the new exempt amounts (sep-
7 arately stated for individuals described in subpara-
8 graph (D) and for other individuals) which are to be
9 applicable” and inserting “a new exempt amount
10 which shall be applicable”.

11 (2) CONFORMING AMENDMENTS.—Section
12 203(f)(8)(B) of such Act (42 U.S.C. 403(f)(8)(B))
13 is amended—

14 (A) in the matter preceding clause (i), by
15 striking “Except” and all that follows through
16 “whichever” and inserting “The exempt amount
17 which is applicable for each month of a par-
18 ticular taxable year shall be whichever”;

19 (B) in clause (i), by striking “cor-
20 responding”;

21 (C) in clause (ii)—

22 (i) by striking “the product” and all
23 that follows through “other individuals),
24 and” and inserting “the product derived by
25 multiplying the exempt amount which is in

1 effect with respect to months in the tax-
2 able year ending after 1993 and before
3 1995, by”;

4 (ii) by striking subclause (II) and in-
5 serting the following:

6 “(II) the national average wage index
7 (as so defined) for 1992,”; and

8 (D) in the last sentence, by striking “an
9 exempt amount” and inserting “the exempt
10 amount”.

11 (3) REPEAL OF BASIS FOR COMPUTATION OF
12 SPECIAL EXEMPT AMOUNT.—Subparagraphs (D)
13 and (E) of section 203(f)(8) of such Act (42 U.S.C.
14 (f)(8)(D), (E)) are repealed.

15 (c) ADDITIONAL CONFORMING AMENDMENTS.—

16 (1) Section 203 of such Act (42 U.S.C. 403) is
17 amended—

18 (A) in subsection (b)(1)—

19 (i) by striking “(b)(1) Deductions”
20 and inserting “(b) Deductions”;

21 (ii) by striking “and from any pay-
22 ment or payments to which any other per-
23 sons are entitled on the basis of such indi-
24 vidual’s wages and self-employment in-
25 come,”;

1 (iii) by striking “until the total” and
2 all that follows through “if for such
3 month” and inserting the following: “until
4 the total of such deductions equals such in-
5 dividual’s benefit or benefits under section
6 202 for any month, if for such month”;

7 (iv) by striking “total of benefits re-
8 ferred to in clauses (A) and (B)” and in-
9 serting “the total of such benefits”; and

10 (v) by striking “If a child” and all
11 that follows through “have been made.”;

12 (B) by striking subsection (b)(2);

13 (C) by striking subsection (d);

14 (D) in subsection (f)(1), by striking “The
15 amount of” and all that follows through “Not-
16 withstanding” and inserting the following: “The
17 amount of an individual’s excess earnings (as
18 defined in paragraph (3)) shall be charged to
19 months as follows: There shall be charged to
20 the first month of such taxable year an amount
21 of his excess earnings equal to the payment to
22 which he is entitled for such month under sec-
23 tion 202 (or the total of his excess earnings if
24 such excess earnings are less than such pay-
25 ment), and the balance, if any, of such excess

1 earnings shall be charged to each succeeding
2 month in such year to the extent, in the case
3 of each such month, of the payment to which
4 such individual is entitled for such month under
5 section 202, until the total of such excess has
6 been so charged. Notwithstanding”;

7 (E) in subsection (f)(3), by striking “33 $\frac{1}{3}$
8 percent” and all that follows through “other in-
9 dividual,” and inserting “50 percent of such in-
10 dividual’s earnings for such year in excess of
11 the product of the exempt amount as deter-
12 mined under paragraph (8),”;

13 (F) by striking subsection (f)(7);

14 (G) by striking subsection (f)(9); and

15 (H) in subsection (h)(1)(A)(ii), by striking
16 subclauses (I), (II), and (III) and inserting the
17 following:

18 “(I) such individual’s benefits under sec-
19 tion 202 are reduced under subsection (a) of
20 this section for any month in such taxable year,
21 and

22 “(II) in any such month there is another
23 person who also is entitled to benefits under
24 subsection (b), (c), (d), (e), (f), (g), or (h) of
25 section 202 on the basis of the same wages and

1 self-employment income and who does not live
2 in the same household as such individual.”.

3 (2) The second sentence of section 223(d)(4) of
4 such Act (42 U.S.C. 423(d)(4)) is amended by strik-
5 ing “if section 102 of the Senior Citizens’ Right to
6 Work Act of 1996 had not been enacted” and insert-
7 ing the following: “if the amendments to section 203
8 made by section 102 of the Senior Citizens’ Right to
9 Work Act of 1996 and by section 4 of the Social Se-
10 curity Guarantee Plus Act of 2003 had not been en-
11 acted”.

12 (d) EFFECTIVE DATE AND TRANSITIONAL RULE.—

13 (1) EFFECTIVE DATE.—The amendments and
14 repeals made by this section shall apply with respect
15 to taxable years ending after December 31, 2008.

16 (2) TRANSITIONAL RULE.—Notwithstanding
17 paragraph (8) of section 203(f) of the Social Secu-
18 rity Act (42 U.S.C. 403(f)(8)), the exempt amount
19 which is applicable, for purposes of such section
20 203(f), to an individual who is entitled to monthly
21 insurance benefits under section 202 of such Act but
22 who has not attained retirement age (as defined in
23 section 216(l) of such Act) before the close of the
24 taxable year involved shall be—

1 (A) for each month of any taxable year
2 ending after 2003 and before 2005, \$1,250.00,

3 (B) for each month of any taxable year
4 ending after 2004 and before 2006,
5 \$1,666.66²/₃,

6 (C) for each month of any taxable year
7 ending after 2005 and before 2007,
8 \$2,083.33¹/₃,

9 (D) for each month of any taxable year
10 ending after 2006 and before 2008, \$2,500.00,
11 and

12 (E) for each month of any taxable year
13 ending after 2007 and before 2009,
14 \$2,916.66²/₃.

15 **SEC. 202. INCREASE IN WIDOW'S AND WIDOWER'S INSUR-**
16 **ANCE BENEFITS.**

17 (a) WIDOW'S INSURANCE BENEFITS.—Section
18 202(e) of the Social Security Act (42 U.S.C. 402(e)) is
19 amended by adding at the end the following new para-
20 graph:

21 “(10)(A) In any case in which the amount of a wid-
22 ow's insurance benefit (as determined under the preceding
23 paragraphs of this subsection) for the entitlement month
24 of the widow (or surviving divorced wife) is less than the
25 minimum benefit amount for such month determined

1 under subparagraph (C), the amount of such benefit for
2 such month and each succeeding month shall be increased
3 to such minimum benefit amount (or the amount most re-
4 cently established in lieu thereof under section 215(i)).

5 “(B) For purposes of this paragraph, the term ‘enti-
6 tlement month’ of a widow (or surviving divorced wife)
7 means, in connection with her benefit under this sub-
8 section, the first month of her entitlement to such benefit.

9 “(C) For purposes of subparagraph (A), the min-
10 imum benefit amount determined under this subparagraph
11 for the entitlement month of the widow (or surviving di-
12 vorced wife) is an amount equal to the lesser of—

13 “(i) 75 percent of the sum of—

14 “(I) the imputed deceased individual’s ben-
15 efit for such month, as determined under sub-
16 subparagraph (D) or (E) (as applicable), and

17 “(II) the imputed survivor benefit for such
18 month, as determined under subparagraph (F),
19 or

20 “(ii) the increased benefit cap determined under
21 subparagraph (G) for such month.

22 “(D)(i) For purposes of subparagraph (C)(i)(I), if the
23 deceased individual died in a month for which he was not
24 entitled to any benefit under this title based on his wages
25 or self-employment income or the wages and self-employ-

1 ment income of the widow (or surviving divorced wife), the
2 imputed deceased individual's benefit for the entitlement
3 month of the widow (or surviving divorced wife) is the sum
4 of—

5 “(I) the imputed old-age insurance benefit (de-
6 termined under clause (ii)) of the deceased indi-
7 vidual for her entitlement month (if any), and

8 “(II) the imputed husband's insurance benefit
9 (determined under clause (iii)) of the deceased indi-
10 vidual for her entitlement month (if any).

11 “(ii) The amount of the imputed old-age insurance
12 benefit of the deceased individual for the entitlement
13 month of the widow (or surviving divorced wife) is the
14 amount of the old-age insurance benefit to which he would
15 have been entitled for such month—

16 “(I) determined, in the case of such a deceased
17 individual who had attained age 62 as of the date
18 of his death, as if he had applied for such benefit
19 in the month of his death and had survived through-
20 out the subsequent period ending with her entitle-
21 ment month, or

22 “(II) determined, in the case of such a deceased
23 individual who died before attaining age 62 but
24 would have attained age 62 before the end of her en-
25 titlement month, as if he had survived throughout

1 the subsequent period ending with her entitlement
2 month, and had applied for such benefit during the
3 first month for which he would have been eligible for
4 such benefit (assuming a primary insurance amount
5 for the deceased individual determined under para-
6 graph (2)(B) of this subsection).

7 For purposes of determining the deceased individual's im-
8 puted old-age insurance benefit under this clause, the de-
9 termination of whether the deceased individual was a fully-
10 insured individual (as defined in section 214(a)) shall be
11 made as of the date of his death. In any case in which
12 the deceased individual died before attaining age 62 and
13 would not have attained age 62 before the end of the enti-
14 tlement month of the widow (or surviving divorced wife),
15 the deceased individual's imputed old-age insurance ben-
16 efit shall be deemed to be zero.

17 “(iii) The amount of the imputed husband's insur-
18 ance benefit of the deceased individual for the entitlement
19 month of the widow (or surviving divorced wife) is the
20 amount of the husband's insurance benefit under sub-
21 section (c) to which he would have been entitled for such
22 month (assuming, for purposes of reduction under sub-
23 section (k)(3)(A), the entitlement to an old-age insurance
24 benefit for such month, if any, as described in clause
25 (ii))—

1 “(I) determined, in the case of such a deceased
2 individual who had attained age 62 as of the date
3 of his death, as if he had applied for such benefit
4 in the month of his death and had survived through-
5 out the subsequent period ending with her entitle-
6 ment month, or

7 “(II) determined, in the case of such a deceased
8 individual who died before attaining age 62 but
9 would have attained age 62 before the end of her en-
10 titlement month, as if he had survived throughout
11 the subsequent period ending with her entitlement
12 month and had applied for such benefit during the
13 first month for which he would have been eligible for
14 such benefit.

15 In any case in which the deceased individual died before
16 he attained age 62 and would not have attained age 62
17 before the end of the entitlement month of the widow (or
18 surviving divorced spouse), the deceased individual’s im-
19 puted husband’s insurance benefit shall be deemed to be
20 zero.

21 “(E)(i) For purposes of subparagraph (C), if the de-
22 ceased individual died during a month for which he other-
23 wise would have been entitled (but for his death) to an
24 old-age insurance benefit under subsection (a) or a dis-
25 ability insurance benefit under section 223, or to a hus-

1 band's insurance benefit under subsection (c) based on the
2 wages and self-employment income of the widow (or sur-
3 viving divorced wife), the imputed deceased individual's
4 benefit for the entitlement month of the widow (or sur-
5 viving divorced wife) is the sum of—

6 “(I) the amount of the old-age or disability in-
7 surance benefit (if any) to which he would have been
8 entitled for her entitlement month if he had survived
9 throughout the period subsequent to his death and
10 ending with such month, and

11 “(II) the amount of the husband's insurance
12 benefit (if any) to which he would have been entitled
13 for her entitlement month based on her wages and
14 self-employment income if he had survived through-
15 out the period subsequent to his death and ending
16 with such month (assuming, for purposes of reduc-
17 tion under subsection (k)(3)(A), the entitlement to
18 an old-age or disability insurance benefit for such
19 month, if any, as described in subclause (I)).

20 “(ii) If the deceased individual otherwise would have
21 been entitled (but for his death) to a disability insurance
22 benefit under section 223 for the month in which he died,
23 the amount determined under clause (i) shall be deter-
24 mined as if he had survived throughout the period com-
25 mencing with the month of his death and ending with the

1 entitlement month of the widow (or surviving divorced
2 wife) and he had remained entitled to disability insurance
3 benefits throughout such period (or until becoming enti-
4 tled to old-age insurance benefits under subsection (a)
5 during such period).

6 “(F) For purposes of subparagraph (C)(i)(II)—

7 “(i) In the case of a widow (or surviving di-
8 vorced wife) who is entitled for her entitlement
9 month to an old-age insurance benefit under sub-
10 section (a) or a disability insurance benefit under
11 section 223, or otherwise would have been entitled
12 (but for the deceased individual’s death) to a wife’s
13 insurance benefit under subsection (b) for such
14 month, the amount of her imputed survivor benefit
15 for such month is the sum of—

16 “(I) the amount of such old-age or dis-
17 ability insurance benefit (if any), and

18 “(II) the amount of such wife’s insurance
19 benefit (if any), assuming, for purposes of re-
20 duction under subsection (k)(3)(A), the entitle-
21 ment to an old-age insurance or disability insur-
22 ance benefit for such month (if any), as de-
23 scribed in subclause (I).

24 “(ii) In the case of a widow (or surviving di-
25 vorced wife) who is not described in clause (i) but

1 has attained (or would attain) age 62 as of the end
2 of her entitlement month, the amount of her im-
3 puted survivor benefit is the sum of—

4 “(I) the amount of the old-age insurance
5 benefit under subsection (a) to which she would
6 be entitled for such month if she filed applica-
7 tion for such benefit during such month, and

8 “(II) the amount to which she otherwise
9 would have been entitled (but for the deceased
10 individual’s death) as a wife’s insurance benefit
11 under subsection (b) for such month, based on
12 the deceased individual’s wages and self-employ-
13 ment income, if she had filed application for
14 such benefit during such month (assuming a
15 primary insurance amount for the deceased in-
16 dividual determined under paragraph (2)(B) of
17 this subsection and assuming, for purposes of
18 reduction under subsection (k)(3)(A), the enti-
19 tlement to an old-age insurance benefit for such
20 month, if any, as described in subclause (I)).

21 In any case in which the widow (or surviving divorced
22 wife) would not attain age 62 before the end of the her
23 entitlement month, her imputed survivor benefit shall be
24 deemed to be zero.

1 “(G) The increased benefit cap determined under this
2 subparagraph for the entitlement month of the widow (or
3 surviving divorced wife) is the amount which would be the
4 amount of a theoretical individual’s old-age insurance ben-
5 efit under subsection (a) (reduced as provided in sub-
6 section (q)) if—

7 “(i) such theoretical individual’s primary insur-
8 ance amount for the first month of entitlement were
9 equal to the average of the primary insurance
10 amounts upon which old-age insurance benefits
11 under subsection (a) are payable for—

12 “(I) in any case in which the entitlement
13 month of the widow (or surviving divorced wife)
14 is the month of December, such month, or

15 “(II) in any other case, the latest month of
16 December preceding such entitlement month,

17 “(ii) such first month of such theoretical indi-
18 vidual’s entitlement to such old-age insurance ben-
19 efit were the entitlement month of the widow (or
20 surviving divorced spouse), and

21 “(iii) the month in which the theoretical indi-
22 vidual attained or would attain retirement age (as
23 defined in section 216(l)) were the month in which
24 the widow (or surviving divorced wife) attained or
25 would attain retirement age (as so defined).

1 “(H) If, in determining the amount of the benefit
2 under this section pursuant to this paragraph, the im-
3 puted old-age insurance benefit or imputed husband’s in-
4 surance benefit of the deceased individual was deemed to
5 be zero pursuant to the last sentence of clause (ii) or (iii)
6 of subparagraph (D), or the imputed survivor benefit of
7 the widow (or surviving divorced wife) was deemed to be
8 zero pursuant to the last sentence of subparagraph (F),
9 effective for any month after the entitlement month of the
10 widow (or surviving divorced wife) in which the deceased
11 individual would have attained age 62 or she attains age
12 62, the Commissioner shall recompute the amount of the
13 benefit under this paragraph by substituting a reference
14 to such later month for each reference in the preceding
15 provisions of this paragraph to her entitlement month.

16 “(I)(i) Any reference in this paragraph to the widow’s
17 insurance benefit (as determined under the preceding
18 paragraphs of this subsection) shall be deemed a reference
19 to such benefit, taking into account all applicable reduc-
20 tions and deductions under this title.

21 “(ii) Any reference in this paragraph to the imputed
22 old-age insurance benefit or imputed husband’s insurance
23 benefit described in subparagraph (D), the old-age insur-
24 ance benefit, disability insurance benefit, or husband’s in-
25 surance benefit described in subparagraph (E), or the old-

1 age insurance benefit, disability insurance benefit, or
2 wife's insurance benefit described in subparagraph (F)
3 shall be deemed a reference to such benefit, taking into
4 account applicable reductions under this section but dis-
5 regarding reductions or deductions otherwise applicable
6 under this title.

7 “(iii) A widow's insurance benefit which has been in-
8 creased under this paragraph shall be subject to all reduc-
9 tions and deductions otherwise applicable to widow's in-
10 surance benefits under this title, except that such benefit
11 shall not be subject to any reduction otherwise applicable
12 under subsection (q)(1).”.

13 (b) WIDOWER'S INSURANCE BENEFITS.—Section
14 202(f) of such Act (42 U.S.C. 402(f)) is amended by add-
15 ing at the end the following new paragraph:

16 “(10)(A) In any case in which the amount of a wid-
17 ower's insurance benefit (as determined under the pre-
18 ceding paragraphs of this subsection) for the entitlement
19 month of the widower (or surviving divorced husband) is
20 less than the minimum benefit amount for such month de-
21 termined under subparagraph (C), the amount of such
22 benefit for such month and each succeeding month shall
23 be increased to such minimum benefit amount (or the
24 amount most recently established in lieu thereof under
25 section 215(i)).

1 “(B) For purposes of this paragraph, the term ‘enti-
2 tlement month’ of a widower (or surviving divorced hus-
3 band) means, in connection with his benefit under this
4 subsection, the first month of his entitlement to such ben-
5 efit.

6 “(C) For purposes of subparagraph (A), the min-
7 imum benefit amount determined under this subparagraph
8 for the entitlement month of the widower (or surviving di-
9 vorced husband) is an amount equal to the lesser of—

10 “(i) 75 percent of the sum of—

11 “(I) the imputed deceased individual’s ben-
12 efit for such month, as determined under sub-
13 paragraph (D) or (E) (as applicable), and

14 “(II) the imputed survivor benefit for such
15 month, as determined under subparagraph (F),

16 or

17 “(ii) the increased benefit cap determined under
18 subparagraph (G) for such month.

19 “(D)(i) For purposes of subparagraph (C)(i)(I), if the
20 deceased individual died in a month for which she was not
21 entitled to any benefit under this title based on her wages
22 or self-employment income or the wages and self-employ-
23 ment income of the widower (or surviving divorced hus-
24 band), the imputed deceased individual’s benefit for the

1 entitlement month of the widower (or surviving divorced
2 husband) is the sum of—

3 “(I) the imputed old-age insurance benefit (de-
4 termined under clause (ii)) of the deceased indi-
5 vidual for his entitlement month (if any), and

6 “(II) the imputed wife’s insurance benefit (de-
7 termined under clause (iii)) of the deceased indi-
8 vidual for his entitlement month (if any).

9 “(ii) The amount of the imputed old-age insurance
10 benefit of the deceased individual for the entitlement
11 month of the widower (or surviving divorced husband) is
12 the amount of the old-age insurance benefit to which she
13 would have been entitled for such month—

14 “(I) determined, in the case of such a deceased
15 individual who had attained age 62 as of the date
16 of her death, as if she had applied for such benefit
17 in the month of her death and had survived through-
18 out the subsequent period ending with his entitle-
19 ment month, or

20 “(II) determined, in the case of such a deceased
21 individual who died before attaining age 62 but
22 would have attained age 62 before the end of his en-
23 titlement month, as if she had survived throughout
24 the subsequent period ending with his entitlement
25 month, and had applied for such benefit during the

1 first month for which she would have been eligible
2 for such benefit (assuming a primary insurance
3 amount for the deceased individual determined
4 under paragraph (2)(B) of this subsection).

5 For purposes of determining the deceased individual's im-
6 puted old-age insurance benefit under this clause, the de-
7 termination of whether the deceased individual was a fully-
8 insured individual (as defined in section 214(a)) shall be
9 made as of the date of her death. In any case in which
10 the deceased individual died before attaining age 62 and
11 would not have attained age 62 before the end of the enti-
12 tlement month of the widower (or surviving divorced hus-
13 band), the deceased individual's imputed old-age insurance
14 benefit shall be deemed to be zero.

15 “(iii) The amount of the imputed wife's insurance
16 benefit of the deceased individual for the entitlement
17 month of the widower (or surviving divorced husband) is
18 the amount of the wife's insurance benefit under sub-
19 section (c) to which she would have been entitled for such
20 month (assuming, for purposes of reduction under sub-
21 section (k)(3)(A), the entitlement to an old-age insurance
22 benefit for such month, if any, as described in clause
23 (ii))—

24 “(I) determined, in the case of such a deceased
25 individual who had attained age 62 as of the date

1 of her death, as if she had applied for such benefit
2 in the month of her death and had survived through-
3 out the subsequent period ending with his entitle-
4 ment month, or

5 “(II) determined, in the case of such a deceased
6 individual who died before attaining age 62 but
7 would have attained age 62 before the end of his en-
8 titlement month, as if she had survived throughout
9 the subsequent period ending with his entitlement
10 month and had applied for such benefit during the
11 first month for which she would have been eligible
12 for such benefit.

13 In any case in which the deceased individual died before
14 she attained age 62 and would not have attained age 62
15 before the end of the entitlement month of the widower
16 (or surviving divorced husband), the deceased individual’s
17 imputed wife’s insurance benefit shall be deemed to be
18 zero.

19 “(E)(i) For purposes of subparagraph (C), if the de-
20 ceased individual died during a month for which she other-
21 wise would have been entitled (but for his death) to an
22 old-age insurance benefit under subsection (a) or a dis-
23 ability insurance benefit under section 223, or to a wife’s
24 insurance benefit under subsection (c) based on the wages
25 and self-employment income of the widower (or surviving

1 divorced husband), the imputed deceased individual's ben-
2 efit for the entitlement month of the widower (or surviving
3 divorced husband) is the sum of—

4 “(I) the amount of the old-age or disability in-
5 surance benefit (if any) to which she would have
6 been entitled for his entitlement month if she had
7 survived throughout the period subsequent to her
8 death and ending with such month, and

9 “(II) the amount of the wife's insurance benefit
10 (if any) to which she would have been entitled for
11 his entitlement month based on his wages and self-
12 employment income if she had survived throughout
13 the period subsequent to her death and ending with
14 such month (assuming, for purposes of reduction
15 under subsection (k)(3)(A), the entitlement to an
16 old-age or disability insurance benefit for such
17 month, if any, as described in subclause (I)).

18 “(ii) If the deceased individual otherwise would have
19 been entitled (but for her death) to a disability insurance
20 benefit under section 223 for the month in which she died,
21 the amount determined under clause (i) shall be deter-
22 mined as if she had survived throughout the period com-
23 mencing with the month of her death and ending with the
24 entitlement month of the widower (or surviving divorced
25 husband) and she had remained entitled to disability in-

1 surance benefits throughout such period (or until becom-
2 ing entitled to old-age insurance benefits under subsection
3 (a) during such period).

4 “(F) For purposes of subparagraph (C)(i)(II)—

5 “(i) In the case of a widower (or surviving di-
6 vorced husband) who is entitled for his entitlement
7 month to an old-age insurance benefit under sub-
8 section (a) or a disability insurance benefit under
9 section 223, or otherwise would have been entitled
10 (but for the deceased individual’s death) to a hus-
11 band’s insurance benefit under subsection (b) for
12 such month, the amount of his imputed survivor
13 benefit for such month is the sum of—

14 “(I) the amount of such old-age or dis-
15 ability insurance benefit (if any), and

16 “(II) the amount of such husband’s insur-
17 ance benefit (if any), assuming, for purposes of
18 reduction under subsection (k)(3)(A), the enti-
19 tlement to an old-age insurance or disability in-
20 surance benefit for such month (if any), as de-
21 scribed in subclause (I).

22 “(ii) In the case of a widower (or surviving di-
23 vorced husband) who is not described in clause (i)
24 but has attained (or would attain) age 62 as of the

1 end of his entitlement month, the amount of his im-
2 puted survivor benefit is the sum of—

3 “(I) the amount of the old-age insurance
4 benefit under subsection (a) to which he would
5 be entitled for such month if he filed applica-
6 tion for such benefit during such month, and

7 “(II) the amount to which he otherwise
8 would have been entitled (but for the deceased
9 individual’s death) as a husband’s insurance
10 benefit under subsection (c) for such month,
11 based on the deceased individual’s wages and
12 self-employment income, if he had filed applica-
13 tion for such benefit during such month (as-
14 suming a primary insurance amount for the de-
15 ceased individual determined under paragraph
16 (2)(B) of this subsection and assuming, for
17 purposes of reduction under subsection
18 (k)(3)(A), the entitlement to an old-age insur-
19 ance benefit for such month, if any, as de-
20 scribed in subclause (I)).

21 In any case in which the widower (or surviving di-
22 vorced husband) would not attain age 62 before the
23 end of his entitlement month, his imputed survivor
24 benefit shall be deemed to be zero.

1 “(G) The increased benefit cap determined under this
2 subparagraph for the entitlement month of the widower
3 (or surviving divorced husband) is the amount which
4 would be the amount of a theoretical individual’s old-age
5 insurance benefit under subsection (a) (reduced as pro-
6 vided in subsection (q)) if—

7 “(i) such theoretical individual’s primary insur-
8 ance amount for the first month of entitlement were
9 equal to the average of the primary insurance
10 amounts upon which old-age insurance benefits
11 under subsection (a) are payable for—

12 “(I) in any case in which the entitlement
13 month of the widower (or surviving divorced
14 husband) is the month of December, such
15 month, or

16 “(II) in any other case, the latest month of
17 December preceding such entitlement month,

18 “(ii) such first month of such theoretical indi-
19 vidual’s entitlement to such old-age insurance ben-
20 efit were the entitlement month of the widower (or
21 surviving divorced husband), and

22 “(iii) the month in which the theoretical indi-
23 vidual attained or would attain retirement age (as
24 defined in section 216(l)) were the month in which
25 the widower (or surviving divorced husband) at-

1 tained or would attain retirement age (as so de-
2 fined).

3 “(H) If, in determining the amount of the benefit
4 under this section pursuant to this paragraph, the im-
5 puted old-age insurance benefit or imputed wife’s insur-
6 ance benefit of the deceased individual was deemed to be
7 zero pursuant to the last sentence of clause (ii) or (iii)
8 of subparagraph (D), or the imputed survivor benefit of
9 the widower (or surviving divorced husband) was deemed
10 to be zero pursuant to the last sentence of subparagraph
11 (F), effective for any month after the entitlement month
12 of the widower (or surviving divorced husband) in which
13 the deceased individual would have attained age 62 or he
14 attains age 62, the Commissioner shall recompute the
15 amount of the benefit under this paragraph by sub-
16 stituting a reference to such later month for each ref-
17 erence in the preceding provisions of this paragraph to his
18 entitlement month.

19 “(I)(i) Any reference in this paragraph to the wid-
20 ower’s insurance benefit (as determined under the pre-
21 ceding paragraphs of this subsection) shall be deemed a
22 reference to such benefit, taking into account all applicable
23 reductions and deductions under this title.

24 “(ii) Any reference in this paragraph to the imputed
25 old-age insurance benefit or imputed wife’s insurance ben-

1 efit described in subparagraph (D), the old-age insurance
2 benefit, disability insurance benefit, or wife’s insurance
3 benefit described in subparagraph (E), or the old-age in-
4 surance benefit, disability insurance benefit, or husband’s
5 insurance benefit described in subparagraph (F) shall be
6 deemed a reference to such benefit, taking into account
7 applicable reductions under this section but disregarding
8 reductions or deductions otherwise applicable under this
9 title.

10 “(iii) A widower’s insurance benefit which has been
11 increased under this paragraph shall be subject to all re-
12 ductions and deductions otherwise applicable to widower’s
13 insurance benefits under this title, except that such benefit
14 shall not be subject to any reduction otherwise applicable
15 under subsection (q)(1).”.

16 (c) COST-OF-LIVING ADJUSTMENTS TO GUARANTEED
17 WIDOW’S AND WIDOWER’S INSURANCE BENEFITS.—Sec-
18 tion 215(i)(2)(A)(ii) of such Act (42 U.S.C.
19 415(i)(2)(A)(ii)) is amended—

20 (1) in subclause (II), by striking “and” at the
21 end;

22 (2) in subclause (III), by striking “1978.” and
23 inserting “1979, and”;

24 (3) by adding at the end the following new sub-
25 clause:

1 “(IV) the benefit amount to which an individual
2 is entitled for that month under subsection (e) or (f)
3 of section 202 if such benefit amount has been in-
4 creased under paragraph (10) of such subsection.”;
5 and

6 (4) in the matter following subclause (IV)
7 (added by paragraph (3)), by striking “(I), (II), and
8 (III)” and inserting “(I), (II), (III), and (IV)”.

9 (d) EFFECTIVE DATE.—The amendments made by
10 this section shall apply with respect to widow’s and wid-
11 ower’s insurance benefits for months after November of
12 the calendar year in which this Act is enacted.

13 **SEC. 203. BENEFITS FOR DISABLED WIDOWS AND WID-**
14 **OWERS WITHOUT REGARD TO AGE.**

15 (a) ELIGIBILITY FOR WIDOW’S INSURANCE BENE-
16 FITS.—Section 202(e)(1)(B)(ii) of the Social Security Act
17 (42 U.S.C. 402(e)(1)(B)(ii)) is amended by striking “has
18 attained age 50 but has not attained age 60 and”.

19 (b) ELIGIBILITY FOR WIDOWER’S INSURANCE BENE-
20 FITS.—Section 202(f)(1)(B)(ii) of such Act (42 U.S.C.
21 402(f)(1)(B)(ii)) is amended by striking “has attained age
22 50 but has not attained age 60 and”.

23 (c) CONFORMING AMENDMENT.—Section
24 202(q)(3)(A) of such Act (42 U.S.C. 402(q)(3)(A)) is
25 amended by striking “If the first month” and all that fol-

1 lows through “widow’s or widower’s insurance benefit)”
2 and inserting “If the first month for which an individual
3 both is entitled to a wife’s or husband’s insurance benefit
4 and has attained age 62 or for which an individual is enti-
5 tled to a widow’s or widower’s insurance benefit”.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall apply with respect to monthly insurance
8 benefits payable under title II of the Social Security Act
9 for months after November of the calendar year in which
10 this Act is enacted and for which applications are filed
11 or pending after November of such year.

12 **SEC. 204. REPEAL OF 7-YEAR RESTRICTION ON ELIGIBILITY**
13 **FOR WIDOW’S AND WIDOWER’S INSURANCE**
14 **BENEFITS BASED ON DISABILITY.**

15 (a) WIDOW’S INSURANCE BENEFITS.—

16 (1) IN GENERAL.—Section 202(e) of the Social
17 Security Act (42 U.S.C. 402(e)) is amended—

18 (A) in paragraph (1)(B)(ii), by striking
19 “which began before the end of the period spec-
20 ified in paragraph (4)”;

21 (B) in paragraph (1)(F)(ii), by striking
22 “(I) in the period specified in paragraph (4)
23 and (II)”;

1 (C) by striking paragraph (4) and by re-
2 designating paragraphs (5) through (9) as
3 paragraphs (4) through (8), respectively; and

4 (D) in paragraph (4)(A)(ii) (as redesign-
5 nated), by striking “whichever” and all that fol-
6 lows through “begins” and inserting “the first
7 day of the seventeenth month before the month
8 in which her application is filed”.

9 (2) CONFORMING AMENDMENTS.—

10 (A) Section 202(e)(1)(F)(i) of such Act
11 (42 U.S.C. 402(e)(1)(F)(i)) is amended by
12 striking “paragraph (5)” and inserting “para-
13 graph (4)”.

14 (B) Section 202(e)(1)(C)(ii)(III) of such
15 Act (42 U.S.C. 402(e)(2)(C)(ii)(III)) is amend-
16 ed by striking “paragraph (8)” and inserting
17 “paragraph (7)”.

18 (C) Section 202(e)(2)(A) of such Act (42
19 U.S.C. 402(e)(2)(A)) is amended by striking
20 “paragraph (7)” and inserting “paragraph
21 (6)”.

22 (D) Section 226(e)(1)(A)(i) of such Act
23 (42 U.S.C. 426(e)(1)(A)(i)) is amended by
24 striking “202(e)(4),”.

25 (b) WIDOWER’S INSURANCE BENEFITS.—

1 (1) IN GENERAL.—Section 202(f) of such Act
2 (42 U.S.C. 402(f)) is amended—

3 (A) in paragraph (1)(B)(ii), by striking
4 “which began before the end of the period spec-
5 ified in paragraph (5)”;

6 (B) in paragraph (1)(F)(ii), by striking
7 “(I) in the period specified in paragraph (5)
8 and (II)”;

9 (C) by striking paragraph (5) and by re-
10 designating paragraphs (6) through (9) as
11 paragraphs (5) through (8), respectively; and

12 (D) in paragraph (5)(A)(ii) (as redesign-
13 ated), by striking “whichever” and all that fol-
14 lows through “begins” and inserting “the first
15 day of the seventeenth month before the month
16 in which his application is filed”.

17 (2) CONFORMING AMENDMENTS.—

18 (A) Section 202(f)(1)(F)(i) of such Act (42
19 U.S.C. 402(f)(1)(F)(i)) is amended by striking
20 “paragraph (6)” and inserting “paragraph
21 (5)”.

22 (B) Section 202(f)(1)(C)(ii)(III) of such
23 Act (42 U.S.C. 402(f)(2)(C)(ii)(III)) is amend-
24 ed by striking “paragraph (8)” and inserting
25 “paragraph (7)”.

1 (C) Section 226(e)(1)(A)(i) of such Act (as
2 amended by subsection (a)(2)) is further
3 amended by striking “202(f)(1)(B)(ii), and
4 202(f)(5)” and inserting “and
5 202(f)(1)(B)(ii)”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply with respect to benefits for months
8 after November of the calendar year in which this Act is
9 enacted and for which applications are filed or pending
10 after November of such year.

11 **SEC. 205. EXEMPTION FROM TWO-YEAR WAITING PERIOD**
12 **FOR DIVORCED SPOUSE’S BENEFITS UPON**
13 **OTHER SPOUSE’S REMARRIAGE.**

14 (a) WIFE’S INSURANCE BENEFITS.—Section
15 202(b)(5)(A) of the Social Security Act (42 U.S.C.
16 402(b)(5)(A)) is amended by adding at the end the fol-
17 lowing new sentence: “The criterion for entitlement under
18 clause (ii) shall be deemed met upon the remarriage of
19 the insured individual to someone other than the applicant
20 during the 2-year period referred to in such clause.”.

21 (b) HUSBAND’S INSURANCE BENEFITS.—Section
22 202(c)(5)(A) of such Act (42 U.S.C. 402(c)(5)(A)) is
23 amended by adding at the end the following new sentence:
24 “The criterion for entitlement under clause (ii) shall be
25 deemed met upon the remarriage of the insured individual

1 to someone other than the applicant during the 2-year pe-
 2 riod referred to in such clause.”.

3 (c) EFFECTIVE DATE.—The amendments made by
 4 this section shall apply with respect to benefits for months
 5 after November of the calendar year in which this Act is
 6 enacted and for which applications are filed or pending
 7 after November of such year.

8 **SEC. 206. INCREASE IN AMOUNT OF WAGES AND SELF-EM-**
 9 **PLOYMENT INCOME CREDITED TO YEARS**
 10 **TAKEN INTO ACCOUNT IN DETERMINING AV-**
 11 **ERAGE INDEXED MONTHLY EARNINGS FOR**
 12 **BENEFICIARIES PRECLUDED FROM REMU-**
 13 **NERATIVE WORK OCCASIONED BY NEED TO**
 14 **PROVIDE CHILD CARE.**

15 (a) IN GENERAL.—Section 215(b)(3) of the Social
 16 Security Act (42 U.S.C. 415(b)(3)) is amended—

17 (1) in subparagraph (A), by striking “subpara-
 18 graph (B)” and inserting “subparagraphs (B) and
 19 (C)”, and

20 (2) by adding at the end the following new sub-
 21 paragraph:

22 “(C)(i) Subject to clause (iii), in any case in which—

23 “(I) in any calendar year which is included in
 24 an individual’s elapsed years, such individual was

1 living with a child (of such individual or his or her
2 spouse) under the age of 7, and

3 “(II) at any time during or after such calendar
4 year and on or before the date of the application by
5 such individual for benefits based on such individ-
6 ual’s wages and self-employment income, such indi-
7 vidual submits to the Commissioner, in such form as
8 the Commissioner shall prescribe by regulation, a
9 written statement that the requirements of subclause
10 (I) are met with respect to such calendar year,

11 the amount of the wages and self-employment income paid
12 in or credited to such year under subparagraph (A), if less
13 than the minimum credit amount for such individual for
14 such year, shall be deemed equal to such minimum credit
15 amount.

16 “(ii) For purposes of clause (i), the minimum credit
17 amount for an individual described in clause (i) for any
18 calendar year shall be an amount equal to the product de-
19 rived by multiplying—

20 “(I) subject to clause (iii), $\frac{1}{4}$ of the average in-
21 dexed monthly earnings of such individual, deter-
22 mined as if such individual became entitled to dis-
23 ability insurance benefits on January 1 of such year
24 (disregarding any elapsed year with respect to which
25 wages and self-employment income of such indi-

1 vidual are deemed to be increased under this sub-
2 paragraph), by

3 “(II) the number of months in such year during
4 which such individual meets the requirements of
5 clause (i)(I).

6 “(iii) In any case in which a minimum credit amount
7 for an individual is determined under clause (ii) for 2 or
8 more elapsed years, the amount determined in the case
9 of such individual under clause (ii)(I) in connection with
10 each such elapsed year shall not be less than the amount
11 determined under clause (ii)(I) for such individual under
12 clause (ii)(I) in connection with the latest of such 2 or
13 more elapsed years.

14 “(iv) Clause (i) shall apply only with respect to not
15 more than 5 elapsed years designated by the individual
16 described in clause (i) with respect to which such indi-
17 vidual submits a statement under clause (i)(II).

18 “(v) Clause (i) shall not apply in the case of an indi-
19 vidual with respect to any calendar year referred to in
20 clause (i)(I), if such individual’s spouse referred to in such
21 clause was also living with the child referred to in such
22 clause in such year, and—

23 “(I) the amount of such individual’s wages and
24 self-employment income paid in or credited to such
25 year (as determined before the application of this

1 subparagraph) is greater than the amount of the
2 wages and self-employment income paid in or cred-
3 ited to such year (as so determined) of such spouse,
4 or

5 “(II) in any case in which the amount of the
6 wages and self-employment income of each spouse
7 paid in or credited to such year is equal to the
8 wages and self-employment income of the other
9 spouse paid in or credited to such year, the amount
10 determined under clause (ii)(I) in connection with
11 such calendar year in the case of such individual is
12 greater than the amount so determined in the case
13 of such individual’s spouse.

14 In any case in which the requirements of neither subclause
15 (I) nor subclause (II) are met in the case of such indi-
16 vidual with respect to any calendar year, the Commis-
17 sioner of Social Security shall provide by regulation for
18 the application of clause (i) only with respect to one of
19 the two spouses in accordance with the equities of the
20 case.”.

21 (b) **EFFECTIVE DATE.**—The amendments made by
22 this section shall apply with respect to benefits for months
23 after November of the calendar year in which this Act is
24 enacted.

1 **SEC. 207. GOVERNMENT PENSION OFFSET REDUCED FROM**
2 **TWO-THIRDS TO ONE-THIRD OF THE GOVERN-**
3 **MENT PENSION.**

4 (a) WIFE'S INSURANCE BENEFITS.—Section
5 202(b)(4)(A) of the Social Security Act (42 U.S.C.
6 402(b)(4)(A)) is amended by striking “two-thirds” and in-
7 serting “one-third”.

8 (b) HUSBAND'S INSURANCE BENEFITS.—Section
9 202(c)(2)(A) of such Act (42 U.S.C. 402(b)(2)(A)) is
10 amended by striking “two-thirds” and inserting “one-
11 third”.

12 (c) WIDOW'S INSURANCE BENEFITS.—Section
13 202(e)(7)(A) of such Act (42 U.S.C. 402(e)(7)(A)) is
14 amended by striking “two-thirds” and inserting “one-
15 third”.

16 (d) WIDOWER'S INSURANCE BENEFITS.—Section
17 202(f)(2)(A) of such Act (42 U.S.C. 402(f)(2)(A)) is
18 amended by striking “two-thirds” and inserting “one-
19 third”.

20 (e) MOTHER'S AND FATHER'S INSURANCE BENE-
21 FITS.—Section 202(g)(4)(A) of such Act (42 U.S.C.
22 402(g)(4)(A)) is amended by striking “two-thirds” and in-
23 serting “one-third”.

24 (f) EFFECTIVE DATE.—The amendments made by
25 this section shall apply with respect to benefits for months

1 after November of the calendar year in which this Act is
2 enacted.

○