

103^D CONGRESS
2^D SESSION

H. R. 5308

To amend title II of the Social Security Act to provide for a limitation on payment during any year of old-age, wife's, and husband's insurance benefits, based on the work record of an individual with higher levels of income for such year, if total payments of such benefits have exceeded prior contributions plus interest, and to adjust the gradual increase in retirement age so as to commence with calendar year 1996 and to reach age 68 for those who would attain age 65 in or after calendar year 2031.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 29, 1994

Mr. SMITH of Michigan introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act to provide for a limitation on payment during any year of old-age, wife's, and husband's insurance benefits, based on the work record of an individual with higher levels of income for such year, if total payments of such benefits have exceeded prior contributions plus interest, and to adjust the gradual increase in retirement age so as to commence with calendar year 1996 and to reach age 68 for those who would attain age 65 in or after calendar year 2031.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Social Security Pay-
5 ment Equity Act of 1994”.

6 **SEC. 2. LIMITATION ON PAYMENT OF CERTAIN BENEFITS**
7 **IN EXCESS OF CONTRIBUTIONS DURING**
8 **YEARS OF HIGHER INCOME.**

9 (a) IN GENERAL.—Section 202 of the Social Security
10 Act (42 U.S.C. 402) is amended by adding at the end the
11 following new subsection:

12 “Limitation on Payment of Certain Benefits in Excess of
13 Contributions During Years of Higher Income

14 “(y)(1) Notwithstanding any other provision of this
15 title, if, with respect to any year of higher income for an
16 individual—

17 “(A) the total amount of the adjusted values of
18 all benefits under subsections (a), (b), and (c) paid
19 in months prior to such year based on the wages and
20 self-employment income of such individual exceed

21 “(B) the total amount of the adjusted values of
22 all OASDI taxes paid with respect to the wages and
23 self-employment income of such individual, deter-
24 mined as of the beginning of such year of higher in-
25 come,

1 then the monthly benefits under subsections (a), (b), and
 2 (c) based on the wages and self-employment income of
 3 such individual paid for any month in such year shall be
 4 reduced (after all other deductions and reductions applica-
 5 ble under this title) by the percentage reduction specified
 6 under paragraph (2). Benefits, as reduced under this
 7 paragraph, if not a multiple of \$1, shall be increased to
 8 the next higher multiple of \$1.

9 “(2)(A) In the case of an individual who is not mar-
 10 ried as of the beginning of such individual’s taxable year,
 11 the percentage reduction is the percentage specified in the
 12 following table:

“If such individual’s adjusted gross income for the tax- able year is:	The percentage is:
Over \$50,000 but not over \$52,000	10 percent.
Over \$52,000 but not over \$54,000	20 percent.
Over \$54,000 but not over \$56,000	30 percent.
Over \$56,000 but not over \$58,000	40 percent.
Over \$58,000 but not over \$60,000	50 percent.
Over \$60,000 but not over \$62,000	60 percent.
Over \$62,000 but not over \$64,000	70 percent.
Over \$64,000 but not over \$66,000	80 percent.
Over \$66,000 but not over \$68,000	90 percent.
Over \$68,000	100 percent.

13 “(B) In the case of an individual who is married as
 14 of the beginning of such individual’s taxable year, the per-
 15 centage reduction is the percentage specified in the follow-
 16 ing table:

“If the total adjusted gross income of such individual and such individual’s spouse for the taxable year is:	The percentage is:
Over \$100,000 but not over \$104,000	10 percent.

“If the total adjusted gross income of such individual and such individual’s spouse for the taxable year is:

The percentage is:

Over \$104,000 but not over \$108,000	20 percent.
Over \$108,000 but not over \$112,000	30 percent.
Over \$112,000 but not over \$116,000	40 percent.
Over \$116,000 but not over \$120,000	50 percent.
Over \$120,000 but not over \$124,000	60 percent.
Over \$124,000 but not over \$128,000	70 percent.
Over \$128,000 but not over \$132,000	80 percent.
Over \$132,000 but not over \$136,000	90 percent.
Over \$136,000	100 percent.

1 “(3) For purposes of this subsection:

2 “(A) The term ‘year of higher income’ for an
3 individual means any taxable year—

4 “(I) if, in the case of an individual who is
5 not married as of the beginning of such taxable
6 year, the adjusted gross income of such individ-
7 ual for such taxable year exceeds \$50,000, or

8 “(II) if, in the case of an individual who is
9 married as of the beginning of such taxable
10 year, the total adjusted gross income of such in-
11 dividual and such individual’s spouse for such
12 taxable year exceeds \$100,000.

13 “(B) The term ‘adjusted gross income’ has the
14 meaning provided in section 62 of the Internal Reve-
15 nue Code of 1986.

16 “(C) The term ‘adjusted value’ of an amount
17 means such amount, plus interest on such amount
18 computed at a rate equal to 2 percent, compounded
19 annually.

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

4 “(4) The Commissioner of Social Security shall pro-
5 vide by regulation for the maintenance of such records,
6 relating to individuals on the basis of whose wages and
7 self-employment income benefits under subsection (a), (b),
8 and (c) are otherwise payable under this section, of total
9 benefits paid and OASDI taxes paid, as is necessary to
10 preclude, to the maximum extent practicable, overpay-
11 ments and underpayments of benefits resulting from the
12 operation of this subsection. The Commissioner and the
13 Secretary of the Treasury shall enter into such arrange-
14 ments as are necessary to ensure that such records main-
15 tained by the Commissioner are currently accurate at all
16 times.

17 “(5)(A) In any case in which a taxable year of an
18 individual is a year of higher income for such individual,
19 if a benefit under subsection (a), (b), or (c) has been paid
20 for any month in such year on the basis of such individ-
21 ual’s wages and self-employment income, such individual
22 (or the individual who is in receipt of such benefit on his
23 behalf) shall make a report to the Commissioner of Social
24 Security of his adjusted gross income, and (if he is mar-
25 ried) the adjusted gross income of his spouse, for such

1 taxable year. Such report shall be made on or before the
2 fifteenth day of the fourth month following the close of
3 such year, and shall contain such information and be made
4 in such manner as the Commissioner may by regulations
5 prescribe. The Commissioner may grant a reasonable ex-
6 tension of time for making such report if he finds that
7 there is valid reason for a delay, but in no case may the
8 period be extended more than three months.

9 “(B) If an individual fails to make a report required
10 under subparagraph (A), within the time prescribed by or
11 in accordance with such subparagraph, for any taxable
12 year and a benefit based on such individual’s wages and
13 self-employment income is paid for any month in such tax-
14 able year or the next following taxable year which is in
15 excess of the amount payable by reason of this subsection,
16 he shall be deemed to have been overpaid for such month
17 an additional amount as follows:

18 “(i) in the case of the first such month for
19 which a benefit is paid in excess of the amount pay-
20 able by reason of this subsection, the additional
21 amount shall be equal to the amount of such excess;

22 “(ii) in the case of the second such month for
23 which a benefit is paid in excess of the amount pay-
24 able by reason of this subsection, the additional

1 amount shall be equal to two times the amount of
2 such excess; and

3 “(iii) in the case of the third or a subsequent
4 such month for which a benefit is paid in excess of
5 the amount payable by reason of this subsection, the
6 additional amount shall be equal to three times the
7 amount of such excess;

8 except that additional amounts of overpayment deter-
9 mined under this paragraph shall be determined only for
10 months for which the benefit in excess of the amount pay-
11 able was received and accepted.

12 “(C)(i)(I) If the Commissioner of Social Security de-
13 termines, on the basis of information obtained by or sub-
14 mitted to him, that it may reasonably be expected that
15 benefits under subsection (a), (b), or (c) based on an indi-
16 vidual’s wages and self-employment income will not be
17 payable (in whole or in part) for any month in a taxable
18 year of such individual by reason of this subsection, the
19 Commissioner may, before the close of such taxable year,
20 suspend the payment (in whole or in part) for each month
21 in such year (or for only such months as the Commissioner
22 may specify) of such benefits. Such suspension shall re-
23 main in effect with respect to the benefits for any month
24 until the Commissioner has determined the extent to
25 which benefits are payable under this subsection.

1 “(II) The Commissioner of Social Security may, be-
2 fore the close of the taxable year of an individual on whose
3 wages and self-employment income benefits are otherwise
4 payable during such year, request of such individual that
5 he make, at such time or times as the Commissioner may
6 specify, a declaration of his estimated adjusted gross in-
7 come (or the estimated total adjusted gross income for
8 him and his spouse) for the taxable year and that he fur-
9 nish to the Commissioner such other information with re-
10 spect to such income as the Commissioner may specify.
11 A failure by such individual to comply with any such re-
12 quest shall in itself constitute justification for a deter-
13 mination under subclause (I) that it may reasonably be
14 expected that such benefits are not payable (in whole or
15 in part) by reason of this subsection.

16 “(III) If the payment of benefits under subsection
17 (a), (b), or (c) based on the wages and self-employment
18 income of an individual have been suspended (in whole or
19 in part) for all months in any taxable year of such individ-
20 ual under subclause (I), no payment of such unpaid bene-
21 fits shall be made for any such month in such taxable year
22 after the expiration of the period of three years, three
23 months, and fifteen days following the close of such tax-
24 able year unless within such period the individual, or some
25 other person entitled to benefits under this title on the

1 basis of the same wages and self-employment income, files
2 with the Commissioner of Social Security information
3 showing that the unpaid portion of a benefit for such
4 month is payable to such individual.

5 “(ii) If, after the close of a taxable year of an individ-
6 ual on whose wages and self-employment income benefits
7 under subsection (a), (b), or (c) were otherwise payable
8 for months in such year, the Commissioner of Social Secu-
9 rity requests such individual to furnish a report of his ad-
10 justed gross income (or the total adjusted gross income
11 of him and his spouse) for such taxable year or any other
12 information with respect to such income which the Com-
13 missioner may specify, and the individual fails to comply
14 with such request, such failure shall in itself constitute
15 justification for a determination that such benefits were
16 not payable (in whole or in part) for each month in such
17 taxable year (or only for such months thereof as the Com-
18 missioner may specify) by reason of this subsection.

19 “(D) The Commissioner of Social Security shall de-
20 velop and implement procedures in accordance with this
21 paragraph to avoid paying more than the correct amount
22 of benefits under subsection (a), (b), or (c) as a result
23 of the failure of the individual on whose wages and self-
24 employment income such benefits are based to file a cor-
25 rect report or estimate of adjusted gross income. Such

1 procedures may include identifying categories of individ-
2 uals on the basis of whose wages and self-employment in-
3 come benefits which are not payable (in whole or in part)
4 under this subsection are likely to be paid and requesting
5 that they estimate their adjusted gross income (or the
6 total adjusted gross income of them and their spouses)
7 more frequently than other persons subject to this sub-
8 section.

9 “(6) Benefits which would, but for the provisions of
10 paragraph (1), be payable under this title, on the basis
11 of the wages and self-employment income of the individual
12 referred to in paragraph (1), to any other individual (other
13 than the individuals to whom benefits based on such wages
14 and self-employment income are not payable by reason of
15 paragraph (1)) shall be payable as though such individuals
16 were receiving such benefits.”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall apply with respect to benefits otherwise
19 payable in taxable years ending after December 31, 1995.

20 **SEC. 3. INFORMATION RELATING TO BENEFIT LIMITATIONS**
21 **PROVIDED IN SOCIAL SECURITY ACCOUNT**
22 **STATEMENTS.**

23 (a) IN GENERAL.—Section 1143 of the Social Secu-
24 rity Act (42 U.S.C. 1320b-13) is amended—

1 (1) in the heading for subsection (a), by striking
2 ing “Upon Request” and inserting “of Annual
3 Statements”;

4 (2) in subsection (a)(1), by striking “Begin-
5 ning” and all that follows and inserting the follow-
6 ing: “Not later than October 1 of each year, the
7 Commissioner of Social Security shall provide an an-
8 nual social security account statement (hereinafter
9 in this section referred to as the ‘statement’) to each
10 eligible individual for whom a mailing address can be
11 determined through such methods as the Commis-
12 sioner determines to be appropriate.”;

13 (3) in subsection (a)(2)(A), by striking “at the
14 date of the request”;

15 (4) in subsection (a)(2)(B), by striking “on the
16 date of the request”;

17 (5) in subsection (a)(2)(C), by striking “on the
18 date of the request” and by striking “and” at the
19 end;

20 (6) in subsection (a)(2)(D), by inserting “in the
21 case of individuals not receiving benefits,” after
22 “(D)”, and by striking “title XVIII.” and inserting
23 “title XVIII; and”;

24 (7) by adding after subparagraph (D) the fol-
25 lowing:

1 “(E) a table setting forth an estimate, in rela-
2 tion to 1980 and every 10th year thereafter through
3 2030, of the following information:

4 “(i) the total amount of the adjusted val-
5 ues of all employee, employer, and self-employ-
6 ment contributions made with respect to the
7 wages and self-employment income of the aver-
8 age earner retiring at retirement age in each
9 such year;

10 “(ii) the total amount of the adjusted val-
11 ues of the monthly benefits paid under sub-
12 sections (a), (b), and (c) of section 202, as of
13 the date of the statement, on the basis of the
14 wages and self-employment income of the aver-
15 age earner retiring at retirement age in each
16 such year; and

17 “(iii) the total amount of the adjusted val-
18 ues of the monthly benefits which will have
19 been paid under such subsections, as of the
20 time of the death of the average earner retiring
21 at retirement age in each such year, on the
22 basis of his or her wages and self-employment
23 income, determined under generally accepted
24 actuarial assumptions.

1 For purposes of subparagraph (E), the term ‘ad-
2 justed value’ of an amount means such amount, plus
3 interest on such amount computed at a rate equal
4 to 2 percent, compounded annually.”;

5 (8) by striking subsection (b);

6 (9) in subsection (c)—

7 (A) by striking the heading and inserting
8 the following:

9 “Required Estimates of Benefits”;

10 (B) by striking “(c)(1) By not later” and
11 all that follows through “With respect to” in
12 paragraph (2) and inserting “(b) With respect
13 to”; and

14 (C) by adding at the end the following new
15 sentence: “The Commissioner shall provide such
16 estimates of retirement benefit amounts to eligi-
17 ble individuals who have not attained age 50
18 upon request.”; and

19 (10) by adding at the end the following new
20 subsection:

21 “Inclusion of Statements to Retirees with Other Mailings

22 “(c) The Commissioner of Social Security shall en-
23 sure that statements provided to eligible individuals who
24 are receiving benefits under title II are included to the
25 maximum extent practicable with mailings otherwise made

1 to such individuals. The Commissioner shall consult with
 2 the Secretary of the Treasury in carrying out the require-
 3 ment of this subsection and such Secretary shall provide
 4 such appropriate assistance to the Commissioner as is nec-
 5 essary to carry out such requirements.”.

6 (b) EFFECTIVE DATE.—The amendments made by
 7 subsection (a) shall apply with respect to statements pro-
 8 vided on or after October 1, 1995.

9 **SEC. 4. GRADUAL INCREASE IN RETIREMENT AGE COM-**
 10 **MENCING WITH CALENDAR YEAR 1996 AND**
 11 **REACHING AGE 68 FOR THOSE ATTAINING**
 12 **AGE 65 IN OR AFTER CALENDAR YEAR 2031.**

13 (a) IN GENERAL.—Section 216(l)(1) of the Social Se-
 14 curity Act (42 U.S.C. 416(l)(1)) is amended by striking
 15 subparagraphs (A) through (E) and inserting the follow-
 16 ing:

17 “(A) with respect to an individual who attains
 18 early retirement age (as defined in paragraph (2))
 19 before January 1, 1993, 65 years of age;

20 “(B) with respect to an individual who attains
 21 early retirement age after December 31, 1992, and
 22 before January 1, 2028, 65 years of age plus the
 23 number of months in the age increase factor (as de-
 24 termined under paragraph (3)) for the calendar year

1 in which such individual attains early retirement
2 age; and

3 “(C) with respect to an individual who attains
4 early retirement age after December 31, 2027, 68
5 years of age.”.

6 (b) CONFORMING AMENDMENT.—Section 216(l)(3)
7 of such Act (42 U.S.C. 416(l)(3)) is amended to read as
8 follows:

9 “(3) The age increase factor for any individual who
10 attains early retirement age in the 35-year period consist-
11 ing of calendar years 1993 through 2027 shall be equal
12 to $\frac{1}{12}$ of the number of months in the period beginning
13 with January 1993 and ending with the last month of the
14 calendar year in which the individual attains early retire-
15 ment age.”.

16 (c) EFFECTIVE DATE.—

17 (1) IN GENERAL.—The amendments made by
18 this section shall apply with respect to benefits for
19 months after the date of the enactment of this Act.

20 (2) TRANSITION RULE.—In any case in which
21 an individual is entitled to a benefit under title II
22 of the Social Security Act for the month in which
23 this Act is enacted, the amount of any benefit of
24 such individual under such title II for any subse-
25 quent month (based on the primary insurance

1 amount of the individual on whose primary insur-
2 ance amount such benefit for the month in which
3 this Act is enacted is based) shall not be reduced,
4 solely by reason of the amendments made by this
5 section, below the amount of such benefit for the
6 month in which this Act is enacted.



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