

106TH CONGRESS  
2D SESSION

# S. 2774

To amend title II of the Social Security Act to provide for individual savings accounts funded by employee and employer social security payroll deductions, to extend the solvency of the old-age, survivors, and disability insurance program, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JUNE 22, 2000

Mr. GREGG (for himself, Mr. KERREY, Mr. BREAU, Mr. GRASSLEY, Mr. THOMPSON, Mr. ROBB, and Mr. THOMAS) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title II of the Social Security Act to provide for individual savings accounts funded by employee and employer social security payroll deductions, to extend the solvency of the old-age, survivors, and disability insurance program, 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,*

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

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Bipartisan Social Security Reform Act of 2000.”

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

## TITLE I—INDIVIDUAL SAVINGS ACCOUNTS

Sec. 101. Individual savings accounts.

Sec. 102. Social security KidSave Accounts.

Sec. 103. Adjustments to primary insurance amounts under part A of title II of the Social Security Act.

## TITLE II—SOCIAL SECURITY SYSTEM ADJUSTMENTS

Sec. 201. Adjustments to bend points in determining primary insurance amounts.

Sec. 202. Adjustment of widows' and widowers' insurance benefits.

Sec. 203. Elimination of earnings test for individuals who have attained early retirement age.

Sec. 204. Gradual increase in number of benefit computation years; use of all years in computation.

Sec. 205. Maintenance of benefit and contribution base.

Sec. 206. Reduction in the amount of certain transfers to Medicare Trust Fund.

Sec. 207. Actuarial adjustment for retirement.

Sec. 208. Improvements in process for cost-of-living adjustments.

Sec. 209. Modification of PIA factors to reflect changes in life expectancy.

Sec. 210. Mechanism for remedying unforeseen deterioration in social security solvency.

# 1    **TITLE I—INDIVIDUAL SAVINGS** 2                    **ACCOUNTS**

## 3    **SEC. 101. INDIVIDUAL SAVINGS ACCOUNTS.**

4            (a) ESTABLISHMENT AND MAINTENANCE OF INDI-  
5 VIDUAL SAVINGS ACCOUNTS.—Title II of the Social Secu-  
6 rity Act (42 U.S.C. 401 et seq.) is amended—

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

9            “PART A—INSURANCE BENEFITS”;

10          and

11            (2) by adding at the end the following:

12            “PART B—INDIVIDUAL SAVINGS ACCOUNTS

13            “INDIVIDUAL SAVINGS ACCOUNTS

14            “SEC. 251. (a) ESTABLISHMENT.—

1 “(1) IN GENERAL.—

2 “(A) ESTABLISHMENT IN ABSENCE OF  
3 KIDSAVE ACCOUNT.—Except as provided in sub-  
4 paragraph (B), the Commissioner of Social Se-  
5 curity, within 30 days of the receipt of the first  
6 contribution received pursuant to subsection (b)  
7 with respect to an eligible individual, shall es-  
8 tablish in the name of such individual an indi-  
9 vidual savings account. The individual savings  
10 account shall be identified to the account holder  
11 by means of the account holder’s Social Secu-  
12 rity account number.

13 “(B) USE OF KIDSAVE ACCOUNT.—If a  
14 KidSave Account has been established in the  
15 name of an eligible individual under section  
16 262(a) before the date of the first contribution  
17 received by the Commissioner pursuant to sub-  
18 section (b) with respect to such individual, the  
19 Commissioner shall redesignate the KidSave  
20 Account as an individual savings account for  
21 such individual.

22 “(2) DEFINITION OF ELIGIBLE INDIVIDUAL.—  
23 In this part, the term ‘eligible individual’ means any  
24 individual born after December 31, 1937.

25 “(b) CONTRIBUTIONS.—

1           “(1) AMOUNTS TRANSFERRED FROM THE  
 2 TRUST FUND.—The Secretary of the Treasury shall  
 3 transfer from the Federal Old-Age and Survivors In-  
 4 surance Trust Fund, for crediting by the Commis-  
 5 sioner of Social Security to an individual savings ac-  
 6 count of an eligible individual, an amount equal to  
 7 the sum of any amount received by such Secretary  
 8 on behalf of such individual under section  
 9 3101(a)(2) or 1401(a)(2) of the Internal Revenue  
 10 Code of 1986.

11           “(2) OTHER CONTRIBUTIONS.—For provisions  
 12 relating to additional contributions credited to indi-  
 13 vidual savings accounts, see sections 531(c)(2) and  
 14 6402(l) of the Internal Revenue Code of 1986.

15           “(c) DESIGNATION OF INVESTMENT TYPE OF INDIV-  
 16 VIDUAL SAVINGS ACCOUNT.—

17           “(1) DESIGNATION.—Each eligible individual  
 18 who is employed or self-employed shall designate the  
 19 investment type of individual savings account to  
 20 which the contributions described in subsection (b)  
 21 on behalf of such individual are to be credited.

22           “(2) FORM OF DESIGNATION.—The designation  
 23 described in paragraph (1) shall be made in such  
 24 manner and at such intervals as the Commissioner  
 25 of Social Security may prescribe in order to ensure

1 ease of administration and reductions in burdens on  
2 employers.

3 “(3) SPECIAL RULE FOR 2001.—Not later than  
4 January 1, 2001, any eligible individual that is em-  
5 ployed or self-employed as of such date shall execute  
6 the designation required under paragraph (1).

7 “(4) DESIGNATION IN ABSENCE OF DESIGNA-  
8 TION BY ELIGIBLE INDIVIDUAL.—In any case in  
9 which no designation of the individual savings ac-  
10 count is made, the Commissioner of Social Security  
11 shall make the designation of the individual savings  
12 account in accordance with regulations that take  
13 into account the competing objectives of maximizing  
14 returns on investments and minimizing the risk in-  
15 volved with such investments.

16 “(d) TREATMENT OF INCOMPETENT INDIVIDUALS.—  
17 Any designation under subsection (c)(1) to be made by  
18 an individual mentally incompetent or under other legal  
19 disability may be made by the person who is constituted  
20 guardian or other fiduciary by the law of the State of resi-  
21 dence of the individual or is otherwise legally vested with  
22 the care of the individual or his estate. Payment under  
23 this part due an individual mentally incompetent or under  
24 other legal disability may be made to the person who is  
25 constituted guardian or other fiduciary by the law of the

1 State of residence of the claimant or is otherwise legally  
 2 vested with the care of the claimant or his estate. In any  
 3 case in which a guardian or other fiduciary of the indi-  
 4 vidual under legal disability has not been appointed under  
 5 the law of the State of residence of the individual, if any  
 6 other person, in the judgment of the Commissioner, is re-  
 7 sponsible for the care of such individual, any designation  
 8 under subsection (c)(1) which may otherwise be made by  
 9 such individual may be made by such person, any payment  
 10 under this part which is otherwise payable to such indi-  
 11 vidual may be made to such person, and the payment of  
 12 an annuity payment under this part to such person bars  
 13 recovery by any other person.

14 “DEFINITION OF INDIVIDUAL SAVINGS ACCOUNT;

15 TREATMENT OF ACCOUNTS

16 “SEC. 252. (a) INDIVIDUAL SAVINGS ACCOUNT.—In  
 17 this part, the term ‘individual savings account’ means any  
 18 individual savings account in the Individual Savings Fund  
 19 (established under section 254) which is administered by  
 20 the Individual Savings Fund Board.

21 “(b) TREATMENT OF ACCOUNT.—Except as other-  
 22 wise provided in this part and in section 531 of the Inter-  
 23 nal Revenue Code of 1986, any individual savings account  
 24 described in subsection (a) shall be treated in the same  
 25 manner as an individual account in the Thrift Savings

1 Fund under subchapter III of chapter 84 of title 5, United  
2 States Code.

3 “INDIVIDUAL SAVINGS ACCOUNT DISTRIBUTIONS

4 “SEC. 253. (a) DATE OF INITIAL DISTRIBUTION.—

5 Except as provided in subsection (c), distributions may  
6 only be made from an individual savings account of an  
7 eligible individual on and after the earliest of—

8 “(1) the date the eligible individual attains nor-  
9 mal retirement age, as determined under section 216  
10 (or early retirement age (as so determined) if elected  
11 by such individual), or

12 “(2) the date on which funds in the eligible in-  
13 dividual’s individual savings account are sufficient to  
14 provide a monthly payment over the life expectancy  
15 of the eligible individual (determined under reason-  
16 able actuarial assumptions) which, when added to  
17 the eligible individual’s monthly benefit under part A  
18 (if any), is at least equal to an amount equal to  $\frac{1}{12}$   
19 of the poverty line (as defined in section 673(2) of  
20 the Community Services Block Grant Act (42 U.S.C.  
21 9902(2) and determined on such date for an indi-  
22 vidual) and adjusted annually thereafter by the ad-  
23 justment determined under section 215(i).

24 “(b) FORMS OF DISTRIBUTION.—

25 “(1) REQUIRED MONTHLY PAYMENTS.—Except  
26 as provided in paragraph (2), beginning with the

1 date determined under subsection (a), the balance in  
 2 an individual savings account available to provide  
 3 monthly payments not in excess of the amount de-  
 4 scribed in subsection (a)(2) shall be paid, as elected  
 5 by the account holder (in such form and manner as  
 6 shall be prescribed in regulations of the Individual  
 7 Savings Fund Board), by means of the purchase of  
 8 annuities or equal monthly payments over the life  
 9 expectancy of the eligible individual (determined  
 10 under reasonable actuarial assumptions) in accord-  
 11 ance with requirements (which shall be provided in  
 12 regulations of the Board) similar to the require-  
 13 ments applicable to payments of benefits under sub-  
 14 chapter III of chapter 84 of title 5, United States  
 15 Code, and providing for indexing for inflation.

16 “(2) PAYMENT OF EXCESS FUNDS.—To the ex-  
 17 tent funds remain in an eligible individual’s indi-  
 18 vidual savings account after the application of para-  
 19 graph (1), such funds shall be payable to the eligible  
 20 individual in such manner and in such amounts as  
 21 determined by the eligible individual, subject to the  
 22 provisions of subchapter III of chapter 84 of title 5,  
 23 United States Code.

24 “(c) DISTRIBUTION IN THE EVENT OF DEATH BE-  
 25 FORE THE DATE OF INITIAL DISTRIBUTION.—If the eligi-



1 ble individual dies before the date determined under sub-  
 2 section (a), the balance in such individual's individual sav-  
 3 ings account shall be distributed in a lump sum, under  
 4 rules established by the Individual Savings Fund Board,  
 5 to the individual's heirs.

6 "INDIVIDUAL SAVINGS FUND

7 "SEC. 254. (a) ESTABLISHMENT.—There is estab-  
 8 lished and maintained in the Treasury of the United  
 9 States an Individual Savings Fund in the same manner  
 10 as the Thrift Savings Fund under sections 8437, 8438,  
 11 and 8439 (but not section 8440) of title 5, United States  
 12 Code.

13 "(b) INDIVIDUAL SAVINGS FUND BOARD.—

14 "(1) IN GENERAL.—There is established and  
 15 operated in the Social Security Administration an  
 16 Individual Savings Fund Board in the same manner  
 17 as the Federal Retirement Thrift Investment Board  
 18 under subchapter VII of chapter 84 of title 5,  
 19 United States Code.

20 "(2) SPECIFIC INVESTMENT AND REPORTING  
 21 DUTIES.—

22 "(A) IN GENERAL.—The Individual Sav-  
 23 ings Fund Board shall manage and report on  
 24 the activities of the Individual Savings Fund  
 25 and the individual savings accounts of such  
 26 Fund in the same manner as the Federal Re-

1           tirement Thrift Investment Board manages and  
 2           reports on the Thrift Savings Fund and the in-  
 3           dividual accounts of such Fund under sub-  
 4           chapter VII of chapter 84 of title 5, United  
 5           States Code.

6                   “(B) STUDY AND REPORT ON INCREASED  
 7           INVESTMENT OPTIONS.—

8                   “(i) STUDY.—The Individual Savings  
 9           Fund Board shall conduct a study regard-  
 10          ing ways to increase an eligible individual’s  
 11          investment options with respect to such in-  
 12          dividual’s individual savings account and  
 13          with respect to rollovers or distributions  
 14          from such account.

15                  “(ii) REPORT.—Not later than 2  
 16          years after the date of enactment of the  
 17          Bipartisan Social Security Reform Act of  
 18          2000, the Individual Savings Fund Board  
 19          shall submit a report to the President and  
 20          Congress that contains a detailed state-  
 21          ment of the results of the study conducted  
 22          pursuant to clause (i), together with the  
 23          Board’s recommendations for such legisla-  
 24          tive actions as the Board considers appro-  
 25          priate.

1 “BUDGETARY TREATMENT OF INDIVIDUAL SAVINGS FUND  
2 AND ACCOUNTS

3 “SEC. 255. The receipts and disbursements of the In-  
4 dividual Savings Fund and any accounts within such fund  
5 shall not be included in the totals of the budget of the  
6 United States Government as submitted by the President  
7 or of the congressional budget and shall be exempt from  
8 any general budget limitation imposed by statute on ex-  
9 penditures and net lending (budget outlays) of the United  
10 States Government.”.

11 (b) MODIFICATION OF FICA RATES.—

12 (1) EMPLOYEES.—Section 3101(a) of the Inter-  
13 nal Revenue Code of 1986 (relating to tax on em-  
14 ployees) is amended to read as follows:

15 “(a) OLD-AGE, SURVIVORS, AND DISABILITY INSUR-  
16 ANCE.—

17 “(1) IN GENERAL.—

18 “(A) INDIVIDUALS COVERED UNDER PART  
19 A OF TITLE II OF THE SOCIAL SECURITY ACT.—

20 In addition to other taxes, there is hereby im-  
21 posed on the income of every individual who is  
22 not a part B eligible individual a tax equal to  
23 6.2 percent of the wages (as defined in section  
24 3121(a)) received by him with respect to em-  
25 ployment (as defined in section 3121(b)).

1           “(B) INDIVIDUALS COVERED UNDER PART  
2           B OF TITLE II OF THE SOCIAL SECURITY ACT.—

3           In addition to other taxes, there is hereby im-  
4           posed on the income of every part B eligible in-  
5           dividual a tax equal to 4.2 percent of the wages  
6           (as defined in section 3121(a)) received by such  
7           individual with respect to employment (as de-  
8           fined in section 3121(b)).

9           “(2) CONTRIBUTION OF OASDI TAX REDUCTION  
10          TO INDIVIDUAL SAVINGS ACCOUNTS.—

11           “(A) IN GENERAL.—In addition to other  
12           taxes, there is hereby imposed on the income of  
13           every part B eligible individual an individual  
14           savings account contribution equal to the sum  
15           of—

16                   “(i) 2 percent of the wages (as so de-  
17                   fined) received by such individual with re-  
18                   spect to employment (as so defined), plus

19                   “(ii) so much of such wages (not to  
20                   exceed \$2,000) as designated by the indi-  
21                   vidual in the same manner as described in  
22                   section 251(c) of the Social Security Act.

23           “(B) INFLATION ADJUSTMENT.—

24                   “(i) IN GENERAL.—In the case of any  
25                   calendar year beginning after 2001, the

1 dollar amount in subparagraph (A)(ii)  
 2 shall be increased by an amount equal to—

3 “(I) such dollar amount, multi-  
 4 plied by

5 “(II) the cost-of-living adjust-  
 6 ment determined under section 1(f)(3)  
 7 for the calendar year, determined by  
 8 substituting ‘calendar year 2000’ for  
 9 ‘calendar year 1992’ in subparagraph  
 10 (B) thereof.

11 “(ii) ROUNDING.—If any dollar  
 12 amount after being increased under clause  
 13 (i) is not a multiple of \$10, such dollar  
 14 amount shall be rounded to the nearest  
 15 multiple of \$10.”.

16 (2) SELF-EMPLOYED.—Section 1401(a) of the  
 17 Internal Revenue Code of 1986 (relating to tax on  
 18 self-employment income) is amended to read as fol-  
 19 lows:

20 “(a) OLD-AGE, SURVIVORS, AND DISABILITY INSUR-  
 21 ANCE.—

22 “(1) IN GENERAL.—

23 “(A) INDIVIDUALS COVERED UNDER PART  
 24 A OF THE SOCIAL SECURITY ACT.—In addition  
 25 to other taxes, there shall be imposed for each

1 taxable year, on the self-employment income of  
 2 every individual who is not a part B eligible in-  
 3 dividual for the calendar year ending with or  
 4 during such taxable year, a tax equal to 12.40  
 5 percent of the amount of the self-employment  
 6 income for such taxable year.

7 “(B) INDIVIDUALS COVERED UNDER PART  
 8 B OF TITLE II OF THE SOCIAL SECURITY ACT.—

9 In addition to other taxes, there is hereby im-  
 10 posed for each taxable year, on the self-employ-  
 11 ment income of every part B eligible individual,  
 12 a tax equal to 10.4 percent of the amount of  
 13 the self-employment income for such taxable  
 14 year.

15 “(2) CONTRIBUTION OF OASDI TAX REDUCTION  
 16 TO INDIVIDUAL SAVINGS ACCOUNTS.—

17 “(A) IN GENERAL.—In addition to other  
 18 taxes, there is hereby imposed for each taxable  
 19 year, on the self-employment income of every  
 20 individual, an individual savings account con-  
 21 tribution equal to the sum of—

22 “(i) 2 percent of the amount of the  
 23 self-employment income for each individual  
 24 for such taxable year, and

1 “(ii) so much of such self-employment  
 2 income (not to exceed \$2,000) as des-  
 3 ignated by the individual in the same man-  
 4 ner as described in section 251(c) of the  
 5 Social Security Act.

6 “(B) INFLATION ADJUSTMENT.—

7 “(i) IN GENERAL.—In the case of any  
 8 taxable year beginning after 2001, the dol-  
 9 lar amount in subparagraph (A)(ii) shall  
 10 be increased by an amount equal to—

11 “(I) such dollar amount, multi-  
 12 plied by

13 “(II) the cost-of-living adjust-  
 14 ment determined under section 1(f)(3)  
 15 for the calendar year in which the tax-  
 16 able year begins, determined by sub-  
 17 stituting ‘calendar year 2000’ for ‘cal-  
 18 endar year 1992’ in subparagraph (B)  
 19 thereof.

20 “(ii) ROUNDING.—If any dollar  
 21 amount after being increased under clause  
 22 (i) is not a multiple of \$10, such dollar  
 23 amount shall be rounded to the nearest  
 24 multiple of \$10.”.

25 (3) PART B ELIGIBLE INDIVIDUAL.—

1 (A) TAXES ON EMPLOYEES.—Section 3121  
 2 of such Code (relating to definitions) is amend-  
 3 ed by inserting after subsection (s) the fol-  
 4 lowing:

5 “(t) PART B ELIGIBLE INDIVIDUAL.—For purposes  
 6 of this chapter, the term ‘part B eligible individual’ means,  
 7 for any calendar year, an individual who is an eligible indi-  
 8 vidual (as defined in section 251(a)(2) of the Social Secu-  
 9 rity Act) for such calendar year.”.

10 (B) SELF-EMPLOYMENT TAX.—Section  
 11 1402 of such Code (relating to definitions) is  
 12 amended by adding at the end the following:

13 “(k) PART B ELIGIBLE INDIVIDUAL.—The term  
 14 ‘part B eligible individual’ means, for any calendar year,  
 15 an individual who is an eligible individual (as defined in  
 16 section 251(a)(2) of the Social Security Act) for such cal-  
 17 endar year.”.

18 (4) EFFECTIVE DATES.—

19 (A) EMPLOYEES.—The amendments made  
 20 by paragraphs (1) and (3)(A) apply to remu-  
 21 nation paid after December 31, 2000.

22 (B) SELF-EMPLOYED INDIVIDUALS.—The  
 23 amendments made by paragraphs (2) and  
 24 (3)(B) apply to taxable years beginning after  
 25 December 31, 2000.



1 (c) MATCHING CONTRIBUTIONS.—

2 (1) IN GENERAL.—Part IV of subchapter A of  
3 chapter 1 of the Internal Revenue Code of 1986 (re-  
4 lating to credits against tax) is amended by adding  
5 at the end the following:

6 **“Subpart H—Individual Savings Account Credits**

“Sec. 54. Individual savings account credit.”.

7 **“SEC. 54. INDIVIDUAL SAVINGS ACCOUNT CREDIT.**

8 “(a) ALLOWANCE OF CREDIT.—Each part B eligible  
9 individual is entitled to a credit for the taxable year in  
10 an amount equal to the sum of—

11 “(1) \$100, plus

12 “(2) 100 percent of the designated wages of  
13 such individual for the taxable year, plus

14 “(3) 100 percent of the designated self-employ-  
15 ment income of such individual for the taxable year.

16 “(b) LIMITATIONS.—

17 “(1) AMOUNT.—The amount determined under  
18 subsection (a) with respect to such individual for  
19 any taxable year may not exceed the excess (if any)  
20 of—

21 “(A) an amount equal to 1 percent of the  
22 contribution and benefit base for such taxable  
23 year (as determined under section 230 of the  
24 Social Security Act), over

1           “(B) the sum of the amounts received by  
 2           the Secretary on behalf of such individual under  
 3           sections 3101(a)(2)(A)(i) and 1401(a)(2)(A)(i)  
 4           for such taxable year.

5           “(2) FAILURE TO MAKE VOLUNTARY CONTRIBU-  
 6           TIONS.—In the case of a part B eligible individual  
 7           with respect to whom the amount of wages des-  
 8           ignated under section 3101(a)(2)(A)(ii) plus the  
 9           amount self-employment income designated under  
 10          section 1401(a)(2)(A)(ii) for the taxable year is less  
 11          than \$1, the credit to which such individual is enti-  
 12          tled under this section shall be equal to zero.

13          “(c) DEFINITIONS.—For purposes of this section—

14               “(1) PART B ELIGIBLE INDIVIDUAL.—The term  
 15               ‘part B eligible individual’ means, for any calendar  
 16               year, an individual who—

17                       “(A) is an eligible individual (as defined in  
 18                       section 251(a)(2) of the Social Security Act) for  
 19                       such calendar year, and

20                       “(B) is not an individual with respect to  
 21                       whom another taxpayer is entitled to a deduc-  
 22                       tion under section 151(c).

23               “(2) DESIGNATED WAGES.—The term ‘des-  
 24               ignated wages’ means with respect to any taxable

1 year the amount designated under section  
2 3101(a)(2)(A)(ii).

3 “(3) DESIGNATED SELF-EMPLOYMENT IN-  
4 COME.—The term ‘designated self-employment in-  
5 come’ means with respect to any taxable year the  
6 amount designated under section 1401(a)(2)(A)(ii)  
7 for such taxable year.

8 “(d) CREDIT USED ONLY FOR INDIVIDUAL SAVINGS  
9 ACCOUNT.—For purposes of this title, the credit allowed  
10 under this section with respect to any part B eligible  
11 individual—

12 “(1) shall not be treated as a credit allowed  
13 under this part, but

14 “(2) shall be treated as an overpayment of tax  
15 under section 6401(b)(3) which may, in accordance  
16 with section 6402(l), only be transferred to an indi-  
17 vidual savings account established under part B of  
18 title II of the Social Security Act with respect to  
19 such individual.”.

20 (2) CONTRIBUTION OF CREDITED AMOUNTS TO  
21 INDIVIDUAL SAVINGS ACCOUNT.—

22 (A) CREDITED AMOUNTS TREATED AS  
23 OVERPAYMENT OF TAX.—Subsection (b) of sec-  
24 tion 6401 of such Code (relating to excessive

1 credits) is amended by adding at the end the  
 2 following:

3 “(3) SPECIAL RULE FOR CREDIT UNDER SEC-  
 4 TION 54.—Subject to the provisions of section  
 5 6402(l), the amount of any credit allowed under sec-  
 6 tion 54 for any taxable year shall be considered an  
 7 overpayment.”.

8 (B) TRANSFER OF CREDIT AMOUNT TO IN-  
 9 DIVIDUAL SAVINGS ACCOUNT.—Section 6402 of  
 10 such Code (relating to authority to make credits  
 11 or refunds) is amended by adding at the end  
 12 the following:

13 “(l) OVERPAYMENTS ATTRIBUTABLE TO INDIVIDUAL  
 14 SAVINGS ACCOUNT CREDIT.—In the case of any overpay-  
 15 ment described in section 6401(b)(3) with respect to any  
 16 individual, the Secretary shall transfer for crediting by the  
 17 Commissioner of Social Security to the individual savings  
 18 account of such individual, an amount equal to the amount  
 19 of such overpayment.”.

20 (3) CONFORMING AMENDMENTS.—

21 (A) Section 1324(b)(2) of title 31, United  
 22 States Code, is amended by inserting before the  
 23 period at the end “, or enacted by the Bipar-  
 24 tisan Social Security Reform Act of 2000”.

1 (B) The table of subparts for part IV of  
 2 subchapter A of chapter 1 of the Internal Rev-  
 3 enue Code of 1986 is amended by adding at the  
 4 end the following:

“Subpart H. Individual Savings Account Credits.”.

5 (4) EFFECTIVE DATE.—The amendments made  
 6 by this subsection shall apply to refunds payable  
 7 after December 31, 2000.

8 (d) TAX TREATMENT OF INDIVIDUAL SAVINGS AC-  
 9 COUNTS.—

10 (1) IN GENERAL.—Subchapter F of chapter 1  
 11 of the Internal Revenue Code of 1986 (relating to  
 12 exempt organizations) is amended by adding at the  
 13 end the following:

14 **“PART IX—INDIVIDUAL SAVINGS FUND AND**  
 15 **ACCOUNTS**

“Sec. 531. Individual Savings Fund and Accounts.

16 **“SEC. 531. INDIVIDUAL SAVINGS FUND AND ACCOUNTS.**

17 “(a) GENERAL RULE.—The Individual Savings Fund  
 18 and individual savings accounts shall be exempt from tax-  
 19 ation under this subtitle.

20 “(b) INDIVIDUAL SAVINGS FUND AND ACCOUNTS  
 21 DEFINED.—For purposes of this section, the terms ‘Indi-  
 22 vidual Savings Fund’ and ‘individual savings account’  
 23 means the fund and account established under sections

1 254 and 251, respectively, of part B of title II of the So-  
 2 cial Security Act.

3 “(c) CONTRIBUTIONS.—

4 “(1) IN GENERAL.—No deduction shall be al-  
 5 lowed for contributions credited to an individual sav-  
 6 ings account under section 251 of the Social Secu-  
 7 rity Act or section 6402(l).

8 “(2) ROLLOVER OF INHERITANCE.—Any por-  
 9 tion of a distribution to an heir from an individual  
 10 savings account made by reason of the death of the  
 11 beneficiary of such account may be rolled over to the  
 12 individual savings account of the heir after such  
 13 death.

14 “(d) DISTRIBUTIONS.—

15 “(1) IN GENERAL.—Any distribution from an  
 16 individual savings account under section 253 of the  
 17 Social Security Act shall be included in gross income  
 18 under section 72.

19 “(2) PERIOD IN WHICH DISTRIBUTIONS MUST  
 20 BE MADE FROM ACCOUNT OF DECEDENT.—In the  
 21 case of amounts remaining in an individual savings  
 22 account from which distributions began before the  
 23 death of the beneficiary, rules similar to the rules of  
 24 section 401(a)(9)(B) shall apply to distributions of  
 25 such remaining amounts.

1           “(3) ROLLOVERS.—Paragraph (1) shall not  
 2       apply to amounts rolled over under subsection (c)(2)  
 3       in a direct transfer by the Commissioner of Social  
 4       Security, under regulations which the Commissioner  
 5       shall prescribe.”.

6           (2) CLERICAL AMENDMENT.—The table of  
 7       parts for subchapter F of chapter 1 of such Code is  
 8       amended by adding after the item relating to part  
 9       VIII the following:

          “Part IX. Individual savings fund and accounts.”.

10          (3) EFFECTIVE DATE.—The amendments made  
 11       by this subsection shall apply to taxable years begin-  
 12       ning after December 31, 2000.

13 **SEC. 102. SOCIAL SECURITY KIDSAVE ACCOUNTS.**

14       Title II of the Social Security Act (42 U.S.C. 401  
 15       et seq.), as amended by section 101(a), is amended by  
 16       adding at the end the following:

17               “PART C—KIDSAVE ACCOUNTS

18                       “KIDSAVE ACCOUNTS

19       “SEC. 261. (a) ESTABLISHMENT.—The Commis-  
 20       sioner of Social Security shall establish in the name of  
 21       each individual born on or after January 1, 1995, a  
 22       KidSave Account upon the later of—

23               “(1) the date of enactment of this part, or

1           “(2) the date of the issuance of a Social Secu-  
 2           rity account number under section 205(c)(2) to such  
 3           individual.

4           The KidSave Account shall be identified to the account  
 5           holder by means of the account holder’s Social Security  
 6           account number.

7           “(b) CONTRIBUTIONS.—

8           “(1) IN GENERAL.—There are authorized to be  
 9           appropriated and are appropriated such sums as are  
 10          necessary in order for the Secretary of the Treasury  
 11          to transfer from the general fund of the Treasury  
 12          for crediting by the Commissioner to each account  
 13          holder’s KidSave Account under subsection (a), an  
 14          amount equal to the sum of—

15                 “(A) in the case of any individual born on  
 16                 or after January 1, 2001, \$1,000, on the date  
 17                 of the establishment of such individual’s  
 18                 KidSave Account, and

19                 “(B) in the case of any individual born on  
 20                 or after January 1, 1995, \$500, on the 1st,  
 21                 2nd, 3rd, 4th, and 5th birthdays of such indi-  
 22                 vidual occurring on or after January 1, 2001.

23           “(2) ADJUSTMENT FOR INFLATION.—For any  
 24           calendar year after 2001, each of the dollar amounts  
 25           under paragraph (1) shall be increased by the cost-



1 of-living adjustment using the wage increase per-  
2 centage determined under section 215(i) for the cal-  
3 endar year.

4 “(c) DESIGNATIONS REGARDING KIDSAVE AC-  
5 COUNTS.—

6 “(1) INITIAL DESIGNATIONS OF INVESTMENT  
7 VEHICLE.—A person described in subsection (d)  
8 shall, on behalf of the individual described in sub-  
9 section (a), designate the investment vehicle for the  
10 KidSave Account to which contributions on behalf of  
11 such individual are to be deposited. Such designation  
12 shall be made on the application for such individ-  
13 ual’s Social Security account number.

14 “(2) CHANGES IN INVESTMENT VEHICLES.—  
15 The Commissioner shall by regulation provide the  
16 time and manner by which an individual or a person  
17 described in subsection (d) on behalf of such indi-  
18 vidual may change 1 or more investment vehicles for  
19 a KidSave Account.

20 “(d) TREATMENT OF MINORS AND INCOMPETENT IN-  
21 DIVIDUALS.—Any designation under subsection (c) to be  
22 made by a minor, or an individual mentally incompetent  
23 or under other legal disability, may be made by the person  
24 who is constituted guardian or other fiduciary by the law  
25 of the State of residence of the individual or is otherwise

1 legally vested with the care of the individual or his estate.  
 2 Payment under this part due a minor, or an individual  
 3 mentally incompetent or under other legal disability, may  
 4 be made to the person who is constituted guardian or  
 5 other fiduciary by the law of the State of residence of the  
 6 claimant or is otherwise legally vested with the care of the  
 7 claimant or his estate. In any case in which a guardian  
 8 or other fiduciary of the individual under legal disability  
 9 has not been appointed under the law of the State of resi-  
 10 dence of the individual, if any other person, in the judg-  
 11 ment of the Commissioner, is responsible for the care of  
 12 such individual, any designation under subsection (c)  
 13 which may otherwise be made by such individual may be  
 14 made by such person, any payment under this part which  
 15 is otherwise payable to such individual may be made to  
 16 such person, and the payment of an annuity payment  
 17 under this part to such person bars recovery by any other  
 18 person.

19 “DEFINITIONS AND SPECIAL RULES

20 “SEC. 262. (a) KIDSAVE ACCOUNTS.—In this part,  
 21 the term ‘KidSave Account’ means any KidSave Account  
 22 in the Individual Savings Fund (established under section  
 23 254) which is administered by the Individual Savings  
 24 Fund Board.

25 “(b) TREATMENT OF ACCOUNTS.—

1 “(1) IN GENERAL.—Except as provided in para-  
 2 graph (2), any KidSave Account described in sub-  
 3 section (a) shall be treated in the same manner as  
 4 an individual savings account under part B.

5 “(2) DISTRIBUTIONS.—Notwithstanding any  
 6 other provision of law, distributions may only be  
 7 made from a KidSave Account of an individual on  
 8 or after the earlier of—

9 “(A) the date on which the individual be-  
 10 gins receiving benefits under this title, or

11 “(B) the date of the individual’s death.”.

12 **SEC. 103. ADJUSTMENTS TO PRIMARY INSURANCE**  
 13 **AMOUNTS UNDER PART A OF TITLE II OF THE**  
 14 **SOCIAL SECURITY ACT.**

15 (a) IN GENERAL.—Section 215 of the Social Security  
 16 Act (42 U.S.C. 415) is amended by adding at the end the  
 17 following:

18 “Adjustment of Primary Insurance Amount in Relation  
 19 to Deposits Made to Individual Savings Accounts  
 20 and KidSave Accounts

21 “(j)(1) Except as provided in paragraph (2), an indi-  
 22 vidual’s primary insurance amount as determined in ac-  
 23 cordance with this section (before adjustments made  
 24 under subsection (i)) shall be equal to—

1           “(A) the amount which would be so determined  
2       without the application of this subsection, multiplied  
3       by

4           “(B) 1 minus the ratio of—

5               “(i) the sum of—

6                   “(I) the total of all amounts which  
7       have been credited pursuant to sections  
8       3101(a)(2)(A)(i) and 1401(a)(2)(A)(i) of  
9       the Internal Revenue Code of 1986 to the  
10      individual savings account held by such in-  
11      dividual, plus

12                  “(II) 50 percent of the accumulated  
13      value of the KidSave Account (established  
14      on behalf of such individual under section  
15      261(a)) determined on the date such  
16      KidSave Account is redesignated as an in-  
17      dividual savings account held by such indi-  
18      vidual under section 251(a)(1)(B), plus

19                  “(III) accrued interest on such  
20      amounts compounded annually up to the  
21      date of initial benefit entitlement based on  
22      the individual’s earnings, assuming an in-  
23      terest rate equal to the projected interest  
24      rate of the Federal Old-Age and Survivors  
25      Trust Fund, to

1           “(ii) the expected present value of all fu-  
 2           ture benefits paid based on the individual’s  
 3           earnings, as of the date of initial benefit entitle-  
 4           ment based on such earnings, assuming future  
 5           mortality and interest rates for the Federal  
 6           Old-Age and Survivors Trust Fund used in the  
 7           intermediate projections of the most recent  
 8           Board of Trustees report under section 201.

9           “(2) In the case of an individual who becomes entitled  
 10          to disability insurance benefits under section 223, such in-  
 11          dividual’s primary insurance amount shall be determined  
 12          without regard to paragraph (1).”.

13          (b) CONFORMING AMENDMENT TO RAILROAD RE-  
 14          TIREMENT ACT OF 1974.—Section 1 of the Railroad Re-  
 15          tirement Act of 1974 (45 U.S.C. 231) is amended by add-  
 16          ing at the end the following:

17          “(s) In applying applicable provisions of the Social  
 18          Security Act for purposes of determining the amount of  
 19          the annuity to which an individual is entitled under this  
 20          Act, section 215(j) of the Social Security Act and part  
 21          B of title II of such Act shall be disregarded.”.

22          (c) EFFECTIVE DATE.—The amendments made by  
 23          this section shall apply with respect to computations and  
 24          recomputations of primary insurance amounts occurring  
 25          after December 31, 2000.

1       **TITLE II—SOCIAL SECURITY**  
 2       **SYSTEM ADJUSTMENTS**

3   **SEC. 201. ADJUSTMENTS TO BEND POINTS IN DETER-**  
 4       **MINING PRIMARY INSURANCE AMOUNTS.**

5       (a)     ADDITIONAL     BEND     POINT.—Section  
 6   215(a)(1)(A) of the Social Security Act (42 U.S.C.  
 7   415(a)(1)(A)) is amended—

8           (1) in clause (ii), by striking “and” at the end;

9           (2) in clause (iii)—

10           (A) by striking “15 percent” and inserting  
 11           “32 percent”;

12           (B) by striking “clause (ii),” and inserting  
 13           the following: “clause (ii) but do not exceed the  
 14           amount established for purposes of this clause  
 15           by subparagraph (B), and”; and

16           (3) by inserting after clause (iii) the following:

17           “(iv) 15 percent of the individual’s average in-  
 18           dexed monthly earnings to the extent that such  
 19           earnings exceed the amount established for purposes  
 20           of clause (iii),”.

21       (b) INITIAL LEVEL OF ADDITIONAL BEND POINT.—  
 22   Section 215(a)(1)(B)(i) of such Act (42 U.S.C.  
 23   415(a)(1)(B)(i)) is amended—

24           (1) by striking “clause (i) and (ii)” and insert-  
 25           ing “clauses (i) and (iii)”; and

1           (2) by adding at the end the following: “For in-  
 2       dividuals who initially become eligible for old-age or  
 3       disability insurance benefits, or who die (before be-  
 4       coming eligible for such benefit), in the calendar  
 5       year 2001, the amount established for purposes of  
 6       clause (ii) of subparagraph (A) shall be equal to  
 7       197.5 percent of the amount established for pur-  
 8       poses of clause (i).”.

9       (c) ADJUSTMENTS TO PIA FORMULA FACTORS.—  
 10      Section 215(a)(1)(B) of such Act (42 U.S.C.  
 11      415(a)(1)(B)) is amended further—

12           (1) by redesignating clause (iii) as clause (iv);

13           (2) by inserting after clause (ii) the following:

14       “(iii) For individuals who initially become eligible for  
 15      old-age or disability insurance benefits, or who die (before  
 16      becoming eligible for such benefits), in any calendar year  
 17      after 2005, effective for such calendar year—

18           “(I) the percentage in effect under clause (ii) of  
 19      subparagraph (A) shall be equal to the percentage in  
 20      effect under such clause for calendar year 2005 in-  
 21      creased the applicable number of times by 3.8 per-  
 22      centage points,

23           “(II) the percentage in effect under clause (iii)  
 24      of subparagraph (A) shall be equal to the percentage  
 25      in effect under such clause for calendar year 2005

1 decreased the applicable number of times by 1.2 per-  
 2 centage points, and

3 “(III) the percentage in effect under clause (iv)  
 4 of subparagraph (A) shall be equal to the percentage  
 5 in effect under such clause for calendar year 2005  
 6 decreased the applicable number of times by 0.5 per-  
 7 centage points.

8 For purposes of the preceding sentence, the term ‘applica-  
 9 ble number of times’ means a number equal to the lesser  
 10 of 10 or the number of years beginning with 2006 and  
 11 ending with the year of initial eligibility or death.”; and

12 (3) in clause (iv) (as redesignated), by striking  
 13 “amount” and inserting “dollar amount”.

14 (d) EFFECTIVE DATE.—The amendments made by  
 15 this section shall apply with respect to primary insurance  
 16 amounts of individuals attaining early retirement age (as  
 17 defined in section 216(l) of the Social Security Act), or  
 18 dying, after December 31, 2000.

19 **SEC. 202. ADJUSTMENT OF WIDOWS’ AND WIDOWERS’ IN-**  
 20 **SURANCE BENEFITS.**

21 (a) WIDOW’S BENEFIT.—Section 202(e)(2)(A) of the  
 22 Social Security Act (42 U.S.C. 402(e)(2)(A)) is amended  
 23 by striking “equal to” and all that follows and inserting  
 24 “equal to the greater of—



1           “(i) the primary insurance amount (as deter-  
 2           mined for purposes of this subsection after applica-  
 3           tion of subparagraphs (B) and (C)) of such deceased  
 4           individual, or

5           “(ii) the lesser of—

6                   “(I) the applicable percentage of the joint  
 7                   benefit which would have been received by the  
 8                   widow or surviving divorced wife and the de-  
 9                   ceased individual for such month if such indi-  
 10                  vidual had not died, or

11                   “(II) the benefit which would have been re-  
 12                   ceived by the widow or surviving divorced wife  
 13                   if such individual’s contributions were based on  
 14                   the maximum contribution and benefit base  
 15                   amount (determined under section 230) for  
 16                   each contribution base year (as determined  
 17                   under section 215(b)(2)(B)(ii)) of such indi-  
 18                  vidual.

19 For purposes of clause (ii)(I), the applicable percentage  
 20 is equal to 50 percent in 2001, increased (but not above  
 21 75 percent) by 1 percentage point in every second year  
 22 thereafter.”.

23           (b) WIDOWER’S BENEFIT.—Section 202(f)(3)(A) of  
 24 the Social Security Act (42 U.S.C. 402(b)(3)(A)) is

1 amended by striking “equal to” and all that follows and  
 2 inserting “equal to the greater of—

3 “(i) the primary insurance amount (as deter-  
 4 mined for purposes of this subsection after applica-  
 5 tion of subparagraphs (B) and (C)) of such deceased  
 6 individual, or

7 “(ii) the lesser of—

8 “(I) the applicable percentage of the joint  
 9 benefit which would have been received by the  
 10 widow or surviving divorced wife and the de-  
 11 ceased individual for such month if such indi-  
 12 vidual had not died, or

13 “(II) the benefit which would have been re-  
 14 ceived by the widower or surviving divorced hus-  
 15 band if such individual’s contributions were  
 16 based on the maximum contribution and benefit  
 17 base amount (determined under section 230)  
 18 for each contribution base year (as determined  
 19 under section 215(b)(2)(B)(ii)) of such indi-  
 20 vidual.

21 For purposes of clause (ii)(II), the applicable percentage  
 22 is equal to 50 percent in 2001, increased (but not above  
 23 75 percent) by 1 percentage point in every second year  
 24 thereafter.”.

1       (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply individuals entitled to benefits  
 3 after the date of enactment of this Act.

4 **SEC. 203. ELIMINATION OF EARNINGS TEST FOR INDIVID-**  
 5 **UALS WHO HAVE ATTAINED EARLY RETIRE-**  
 6 **MENT AGE.**

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

9           (1) in subsection (c)(1), by striking “retirement  
 10 age” and inserting “early retirement age”;

11           (2) in paragraphs (1)(A) and (2) of subsection  
 12 (d), by striking “retirement age” each place it ap-  
 13 pears and inserting “early retirement age”;

14           (3) in subsection (f)(1)(B), by striking “retire-  
 15 ment age” and inserting “early retirement age”;

16           (4) in subsection (f)(3)—

17               (A) by striking “33 $\frac{1}{3}$  percent” and all  
 18 that follows through “any other individual,”  
 19 and inserting “50 percent of such individual’s  
 20 earnings for such year in excess of the product  
 21 of the exempt amount as determined under  
 22 paragraph (8),”; and

23               (B) by striking “retirement age” and in-  
 24 serting “early retirement age”;

1           (5) in subsection (f)(5)(D)(i), by striking “re-  
2           tirement age” and inserting “early retirement age”;

3           (6) in subsection (f)(9)—

4                 (A) by striking “, (5)(D)(i), and (8)(D)”  
5                 and inserting “and (5)(D)(i)”; and

6                 (B) by striking “retirement age” both  
7                 places it appears and inserting “early retire-  
8                 ment age”;

9           (7) in subsection (h)(1)(A), by striking “retire-  
10           ment age (as defined in section 216(l))” each place  
11           it appears and inserting “early retirement age (as  
12           defined in section 216(l))”; and

13           (8) in subsection (j)—

14                 (A) in the heading, by striking “Retire-  
15                 ment Age” and inserting “Early Retirement  
16                 Age”; and

17                 (B) by striking “having attained retire-  
18                 ment age (as defined in section 216(l))” and in-  
19                 serting “having attained early retirement age  
20                 (as defined in section 216(l))”.

21           (b) CONFORMING AMENDMENTS ELIMINATING THE  
22           SPECIAL EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE  
23           ATTAINED AGE 62.—

24                 (1) UNIFORM EXEMPT AMOUNT.—Section  
25                 203(f)(8)(A) of the Social Security Act (42 U.S.C.

1       403(f)(8)(A)) is amended by striking “the new ex-  
 2       empt amounts (separately stated for individuals de-  
 3       scribed in subparagraph (D) and for other individ-  
 4       uals) which are to be applicable” and inserting “a  
 5       new exempt amount which shall be applicable”.

6           (2)   CONFORMING    AMENDMENTS.—Section  
 7       203(f)(8)(B) of the Social Security Act (42 U.S.C.  
 8       403(f)(8)(B)) is amended—

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

14       (B) in clauses (i) and (ii), by striking “cor-  
 15       responding” each place it appears; and

16       (C) in the last sentence, by striking “an  
 17       exempt amount” and inserting “the exempt  
 18       amount”.

19       (3) REPEAL OF BASIS FOR COMPUTATION OF  
 20       SPECIAL EXEMPT AMOUNT.—Subparagraphs (D)  
 21       and (E) of section 203(f)(8) of the Social Security  
 22       Act (42 U.S.C. 403(f)(8)) are repealed.

23       (c) ADDITIONAL CONFORMING AMENDMENTS.—

1           (1) ELIMINATION OF REDUNDANT REFERENCES  
 2           TO RETIREMENT AGE.—Section 203 of the Social  
 3           Security Act (42 U.S.C. 403) is amended—

4                   (A) in subsection (c), in the last sentence,  
 5                   by striking “nor shall any deduction” and all  
 6                   that follows and inserting “nor shall any deduc-  
 7                   tion be made under this subsection from any  
 8                   widow’s or widower’s insurance benefit if the  
 9                   widow, surviving divorced wife, widower, or sur-  
 10                  viving divorced husband involved became enti-  
 11                  tled to such benefit prior to attaining age 60.”;  
 12                  and

13                   (B) in subsection (f)(1), by striking clause  
 14                   (D) and inserting the following: “(D) for which  
 15                   such individual is entitled to widow’s or wid-  
 16                   ower’s insurance benefits if such individual be-  
 17                   came so entitled prior to attaining age 60,”.

18           (2) PROVISIONS RELATING TO EARNINGS  
 19           TAKEN INTO ACCOUNT IN DETERMINING SUBSTAN-  
 20           TIAL GAINFUL ACTIVITY OF BLIND INDIVIDUALS.—  
 21           The second sentence of section 223(d)(4) of such  
 22           Act (42 U.S.C. 423(d)(4)) is amended by striking  
 23           “if section 102 of the Senior Citizens’ Right to  
 24           Work Act of 1996 had not been enacted” and insert-  
 25           ing the following: “if the amendments to section 203

1       made by section 102 of the Senior Citizens' Right to  
 2       Work Act of 1996 and by the Bipartisan Social Se-  
 3       curity Reform Act of 2000 had not been enacted".

4       (d) STUDY OF THE EFFECT OF TAKING EARNINGS  
 5 INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL  
 6 ACTIVITY OF DISABLED INDIVIDUALS.—

7           (1) IN GENERAL.—Not later than February 15,  
 8       2001, the Commissioner of Social Security shall con-  
 9       duct a study on the effect that taking earnings into  
 10      account in determining substantial gainful activity of  
 11      individuals receiving disability insurance benefits has  
 12      on the incentive for such individuals to work and  
 13      submit to Congress a report on the study.

14          (2) CONTENTS OF STUDY.—The study con-  
 15      ducted under paragraph (1) shall include the evalua-  
 16      tion of—

17           (A) the effect of the current limit on earn-  
 18      ings on the incentive for individuals receiving  
 19      disability insurance benefits to work;

20           (B) the effect of increasing the earnings  
 21      limit or changing the manner in which disability  
 22      insurance benefits are reduced or terminated as  
 23      a result of substantial gainful activity (includ-  
 24      ing reducing the benefits gradually when the  
 25      earnings limit is exceeded) on—

1 (i) the incentive to work; and  
 2 (ii) the financial status of the Federal  
 3 Disability Insurance Trust Fund;  
 4 (C) the effect of extending eligibility for  
 5 the Medicare program to individuals during the  
 6 period in which disability insurance benefits of  
 7 the individual are gradually reduced as a result  
 8 of substantial gainful activity and extending  
 9 such eligibility for a fixed period of time after  
 10 the benefits are terminated on—

11 (i) the incentive to work; and  
 12 (ii) the financial status of the Federal  
 13 Hospital Insurance Trust Fund and the  
 14 Federal Supplementary Medical Insurance  
 15 Trust Fund; and  
 16 (D) the relationship between the effect of  
 17 substantial gainful activity limits on blind indi-  
 18 viduals receiving disability insurance benefits  
 19 and other individuals receiving disability insur-  
 20 ance benefits.

21 (3) CONSULTATION.—The analysis under para-  
 22 graph (2)(C) shall be done in consultation with the  
 23 Administrator of the Health Care Financing Admin-  
 24 istration.



1 (e) EFFECTIVE DATE.—The amendments and re-  
 2 peals made by subsections (a), (b), and (c) shall apply with  
 3 respect to taxable years ending after December 31, 2002.

4 **SEC. 204. GRADUAL INCREASE IN NUMBER OF BENEFIT**  
 5 **COMPUTATION YEARS; USE OF ALL YEARS IN**  
 6 **COMPUTATION.**

7 (a) IN GENERAL.—Section 215(b)(2)(A) of the Social  
 8 Security Act (42 U.S.C. 415(b)(2)(A)) is amended—

9 (1) in clause (i), by striking “5 years” and in-  
 10 serting “the applicable number of years for purposes  
 11 of this clause”; and

12 (2) by striking “Clause (ii),” in the matter fol-  
 13 lowing clause (ii) and inserting the following:

14 “For purposes of clause (i), the applicable number of years  
 15 is the number of years specified in connection with the  
 16 year in which such individual reaches early retirement age  
 17 (as defined in section 216(l)(2)), or, if earlier, the calendar  
 18 year in which such individual dies, as set forth in the fol-  
 19 lowing table:

<b>“If such calendar year is:</b>	<b>The applicable number of years is:</b>
2002 .....	4
2003 .....	4
2004 .....	3
2005 .....	3
2006 .....	2
2007 .....	2
2008 .....	1
2009 .....	1
After 2009 .....	0.

1 Notwithstanding the preceding sentence, the applicable  
 2 number of years is 5, in the case of any individual who  
 3 is entitled to old-age insurance benefits, and has a spouse  
 4 who is also so entitled (or who died without having become  
 5 so entitled) who has greater total wages and self-employ-  
 6 ment income credited to benefit computation years than  
 7 the individual. Clause (ii),”.

8 (b) USE OF ALL YEARS IN COMPUTATION.—

9 (1) IN GENERAL.—Section 215(b)(2)(B) of the  
 10 Social Security Act (42 U.S.C. 415(b)(2)(B)) is  
 11 amended by striking clauses (i) and (ii) and insert-  
 12 ing the following:

13 “(i)(I) for calendar years after 2001 and before  
 14 2010, the term ‘benefit computation years’ means  
 15 those computation base years equal in number to the  
 16 number determined under subparagraph (A) plus  
 17 the applicable number of years determined under  
 18 subclause (III), for which the total of such individ-  
 19 ual’s wages and self-employment income, after ad-  
 20 justment under paragraph (3), is the largest;

21 “(II) for calendar years after 2009, the term  
 22 ‘benefit computation years’ means all of the com-  
 23 putation base years; and

24 “(III) for purposes of subclause (I), the applica-  
 25 ble number of years is the number of years specified

1 in connection with the year in which such individual  
 2 reaches early retirement age (as defined in section  
 3 216(l)(2)), or, if earlier, the calendar year in which  
 4 such individual dies, as set forth in the following  
 5 table:

<b>“If such calendar year is:</b>	<b>The applicable number of years is:</b>
Before 2002 .....	0
2002 .....	1
2003 .....	1
2004 .....	2
2005 .....	2
2006 .....	3
2007 .....	3
2008 .....	4
2009 .....	4;

6 “(ii) the term ‘computation base years’ means  
 7 the calendar years after 1950, except that such term  
 8 excludes any calendar year entirely included in a pe-  
 9 riod of disability; and”.

10 (2) CONFORMING AMENDMENT.—Section  
 11 215(b)(1)(B) of the Social Security Act (42 U.S.C.  
 12 415(b)(1)(B)) is amended by striking “in those  
 13 years” and inserting “in an individual’s computation  
 14 base years determined under paragraph (2)(A)”.

15 (c) EFFECTIVE DATE.—

16 (1) SUBSECTION (a).—The amendments made  
 17 by subsection (a) shall apply with respect to individ-  
 18 uals attaining early retirement age (as defined in  
 19 section 216(l)(2) of the Social Security Act) after  
 20 December 31, 2001.

1           (2) SUBSECTION (b).—The amendment made  
 2       by subsection (b) shall apply to benefit computation  
 3       years beginning after December 31, 2000.

4   **SEC. 205. MAINTENANCE OF BENEFIT AND CONTRIBUTION**  
 5                           **BASE.**

6       (a) IN GENERAL.—Section 230 of the Social Security  
 7   Act (42 U.S.C. 430) is amended to read as follows:

8       MAINTENANCE OF THE CONTRIBUTION AND BENEFIT  
 9                           BASE

10      “SEC. 230. (a) The Commissioner of Social Security  
 11   shall determine and publish in the Federal Register on or  
 12   before November 1 of each calendar year the contribution  
 13   and benefit base determined under subsection (b) which  
 14   shall be effective with respect to remuneration paid after  
 15   such calendar year and taxable years beginning after such  
 16   year.

17      “(b) For purposes of this section, for purposes of de-  
 18   termining wages and self-employment income under sec-  
 19   tions 209, 211, 213, and 215 of this Act and sections 54,  
 20   1402, 3121, 3122, 3125, 6413, and 6654 of the Internal  
 21   Revenue Code of 1986, and for purposes of section  
 22   4022(b)(3)(B) of Public Law 93–406, the contribution  
 23   and benefit base with respect to remuneration paid in (and  
 24   taxable years beginning in) any calendar year is an  
 25   amount equal to 84.5 percent of the total wages and self-

1 employment income for the preceding calendar year (with-  
 2 in the meaning of section 209).”.

3 (b) **EFFECTIVE DATE.**—The amendment made by  
 4 this section shall apply to remuneration paid in (and tax-  
 5 able years beginning in) any calendar year after 2000.

6 **SEC. 206. REDUCTION IN THE AMOUNT OF CERTAIN TRANS-**  
 7 **FERS TO MEDICARE TRUST FUND.**

8 Subparagraph (A) of section 121(e)(1) of the Social  
 9 Security Amendments of 1983 (42 U.S.C. 401 note), as  
 10 amended by section 13215(c)(1) of the Omnibus Budget  
 11 Reconciliation Act of 1993, is amended—

12 (1) in clause (ii), by striking “the amounts”  
 13 and inserting “the applicable percentage of the  
 14 amounts”; and

15 (2) by adding at the end the following: “For  
 16 purposes of clause (ii), the applicable percentage for  
 17 a year is equal to 100 percent, reduced (but not  
 18 below zero) by 10 percentage points for each year  
 19 after 2004.”.

20 **SEC. 207. ACTUARIAL ADJUSTMENT FOR RETIREMENT.**

21 (a) **EARLY RETIREMENT.**—

22 (1) **IN GENERAL.**—Section 202(q) of the Social  
 23 Security Act (42 U.S.C. 402(q)) is amended—

1 (A) in paragraph (1)(A), by striking “ $\frac{5}{9}$ ”  
 2 and inserting “the applicable fraction (deter-  
 3 mined under paragraph (12))”; and

4 (B) by adding at the end the following:

5 “(12) For purposes of paragraph (1)(A), the ‘applica-  
 6 ble fraction’ for an individual who attains the age of 62  
 7 in—

8 “(A) any year before 2001, is  $\frac{5}{9}$ ;

9 “(B) 2001, is  $\frac{7}{12}$ ;

10 “(C) 2002, is  $\frac{11}{18}$ ;

11 “(D) 2003, is  $\frac{23}{36}$ ;

12 “(E) 2004, is  $\frac{2}{3}$ ; and

13 “(F) 2005 or any succeeding year, is  $\frac{25}{36}$ .”.

14 (2) MONTHS BEYOND FIRST 36 MONTHS.—Sec-  
 15 tion 202(q) of such Act (42 U.S.C. 402(q)(9)) (as  
 16 amended by paragraph (1)) is amended—

17 (A) in paragraph (9)(A), by striking “five-  
 18 twelfths” and inserting “the applicable fraction  
 19 (determined under paragraph (13))”; and

20 (B) by adding at the end the following:

21 “(13) For purposes of paragraph (9)(A), the ‘applica-  
 22 ble fraction’ for an individual who attains the age of 62  
 23 in—

24 “(A) any year before 2001, is  $\frac{5}{12}$ ;

25 “(B) 2001, is  $\frac{16}{36}$ ;

1 “(C) 2002, is  $16/36$ ;

2 “(D) 2003, is  $17/36$ ;

3 “(E) 2004, is  $17/36$ ; and

4 “(F) 2005 or any succeeding year, is  $1/2$ .”.

5 (3) EFFECTIVE DATE.—The amendments made  
6 by paragraphs (1) and (2) shall apply to individuals  
7 who attain the age of 62 in years after 2000.

8 (b) DELAYED RETIREMENT.—Section 202(w)(6) of  
9 the Social Security Act (42 U.S.C. 402(w)(6)) is  
10 amended—

11 (1) in subparagraph (C), by striking “and” at  
12 the end;

13 (2) in subparagraph (D), by striking “2004.”  
14 and inserting “2004 and before 2007;”;

15 (3) by adding at the end the following:

16 “(E)  $17/24$  of 1 percent in the case of an indi-  
17 vidual who attains the age of 62 in a calendar year  
18 after 2006 and before 2009;

19 “(F)  $3/4$  of 1 percent in the case of an indi-  
20 vidual who attains the age of 62 in a calendar year  
21 after 2008 and before 2011;

22 “(G)  $19/24$  of 1 percent in the case of an indi-  
23 vidual who attains the age of 62 in a calendar year  
24 after 2010 and before 2013; and

1           “(H)  $\frac{5}{6}$  of 1 percent in the case of an indi-  
 2           vidual who attains the age of 62 in a calendar year  
 3           after 2012.”.

4   **SEC. 208. IMPROVEMENTS IN PROCESS FOR COST-OF-LIV-**  
 5                   **ING ADJUSTMENTS.**

6           (a) ANNUAL DECLARATIONS OF PERSISTING UPPER  
 7   LEVEL SUBSTITUTION BIAS, QUALITY-CHANGE BIAS,  
 8   AND NEW-PRODUCT BIAS.—Not later than December 1,  
 9   2000, and annually thereafter, the Commissioner of the  
 10   Bureau of Labor Statistics shall publish in the Federal  
 11   Register an estimate of the upper level substitution bias,  
 12   quality-change bias, and new-product bias retained in the  
 13   Consumer Price Index, expressed in terms of a percentage  
 14   point effect on the annual rate of change in the Consumer  
 15   Price Index determined through the use of a superlative  
 16   index that accounts for changes that consumers make in  
 17   the quantities of goods and services consumed.

18           (b) MODIFICATION OF COST-OF-LIVING ADJUST-  
 19   MENT.—

20           (1) IN GENERAL.—Notwithstanding any other  
 21   provision of law, for each calendar year after 2000  
 22   any cost-of-living adjustment described in subsection

23           (f) shall be further adjusted by the greater of—

24                   (A) the applicable percentage point, or



1 (B) the correction for the upper level sub-  
 2 stitution bias, quality-change bias, and new-  
 3 product bias (as last published by the Commis-  
 4 sioner of the Bureau of Labor Statistics pursu-  
 5 ant to subsection (a)).

6 (2) APPLICABLE PERCENTAGE POINT.—For  
 7 purposes of paragraph (1)(A), the applicable per-  
 8 centage point shall be determined in accordance with  
 9 the following table:

<b>Calendar year:</b>	<b>Applicable Percentage Point:</b>
2001 .....	0.1
2002 .....	0.2
2003 .....	0.3
2004 and thereafter .....	0.33.

10 (c) FUNDING FOR CPI IMPROVEMENTS.—

11 (1) IN GENERAL.—There is hereby appro-  
 12 priated to the Bureau of Labor Statistics in the De-  
 13 partment of Labor, for each of fiscal years 2001,  
 14 2002, and 2003, \$60,000,000 for use by the Bureau  
 15 for the following purposes:

16 (A) Research, evaluation, and implementa-  
 17 tion of a superlative index to estimate upper  
 18 level substitution bias, quality-change bias, and  
 19 new-product bias in the Consumer Price Index.

20 (B) Expansion of the Consumer Expendi-  
 21 ture Survey and the Point of Purchase Survey.

1           (2) REPORTS.—The Commissioner of the Bu-  
2       reau of Labor Statistics shall submit reports regard-  
3       ing the use of appropriations made under paragraph  
4       (1) to the Committee on Appropriations of the  
5       House of Representatives and the Committee on Ap-  
6       propriations of the Senate upon the request of each  
7       Committee.

8       (d) INFORMATION SHARING.—The Commissioner of  
9       the Bureau of Labor Statistics may secure directly from  
10      the Secretary of Commerce information necessary for pur-  
11      poses of calculating the Consumer Price Index. Upon re-  
12      quest of the Commissioner of the Bureau of Labor Statis-  
13      tics, the Secretary of Commerce shall furnish that infor-  
14      mation to the Commissioner.

15      (e) ADMINISTRATIVE ADVISORY COMMITTEE.—The  
16      Bureau of Labor Statistics shall, in consultation with the  
17      National Bureau of Economic Research, the American  
18      Economic Association, and the National Academy of Stat-  
19      isticians, establish an administrative advisory committee.  
20      The advisory committee shall periodically advise the Bu-  
21      reau of Labor Statistics regarding revisions of the Con-  
22      sumer Price Index and conduct research and experimen-  
23      tation with alternative data collection and estimating ap-  
24      proaches.

1 (f) COST-OF-LIVING ADJUSTMENT DESCRIBED.—A  
 2 cost-of-living adjustment described in this subsection is  
 3 any cost-of-living adjustment for a calendar year after  
 4 2000 determined by reference to a percentage change in  
 5 a consumer price index or any component thereof (as pub-  
 6 lished by the Bureau of Labor Statistics of the Depart-  
 7 ment of Labor and determined without regard to this sec-  
 8 tion) and used in any of the following:

9 (1) The Internal Revenue Code of 1986.

10 (2) The provisions of this Act (other than pro-  
 11 grams under title XVI and any adjustment in the  
 12 case of an individual who attains early retirement  
 13 age before January 1, 2001).

14 (3) Any other Federal program.

15 (g) RECAPTURE OF CPI REFORM REVENUES DEPOS-  
 16 ITED INTO THE FEDERAL OLD-AGE AND SURVIVORS IN-  
 17 SURANCE TRUST FUND.—Section 201 of the Social Secu-  
 18 rity Act (42 U.S.C. 401) is amended by adding at the end  
 19 the following:

20 “(n) On July 1 of each calendar year specified in the  
 21 following table, the Secretary of the Treasury shall trans-  
 22 fer, from the general fund of the Treasury to the Federal  
 23 Old-Age and Survivors Insurance Trust Fund, an amount  
 24 equal to the applicable percentage for such year, specified

1 in such table, of the total wages paid in and self-employ-  
 2 ment income credited to such year.

<b>“For a calendar year—</b>	<b>The applicable percentage for the year is—</b>
After 2001 and before 2020 .....	0.4 percent
After 2019 and before 2040 .....	0.53 percent
After 2039 and before 2060 .....	0.67 percent
After 2059 .....	0.8 percent.”.

3 **SEC. 209. MODIFICATION OF PIA FACTORS TO REFLECT**  
 4 **CHANGES IN LIFE EXPECTANCY.**

5 (a) MODIFICATION OF PIA FACTORS.—Section  
 6 215(a)(1) of the Social Security Act (42 U.S.C.  
 7 415(a)(1)(B)) is amended by redesignating subparagraph  
 8 (D) as subparagraph (F) and by inserting after subpara-  
 9 graph (C) the following:

10 “(D)(i) For individuals who initially become eligible  
 11 for old-age insurance benefits in any calendar year after  
 12 2005, each of the percentages under clauses (i), (ii), (iii),  
 13 and (iv) of subparagraph (A) shall be multiplied the appli-  
 14 cable number of times by the applicable factor.

15 “(ii) For purposes of clause (i)—

16 “(I) the term ‘applicable number of times’  
 17 means a number equal to the sum of—

18 “(aa) the number of years beginning with  
 19 2006 and ending with the earlier of 2016 or the  
 20 year of initial eligibility; plus

21 “(bb) if the year of initial eligibility has  
 22 not occurred, the number of years beginning

1 with 2023 and ending with the earlier of 2053  
 2 or the year of initial eligibility; and

3 “(II) the term ‘applicable factor’ means .988  
 4 with respect to the first 6 applicable number of  
 5 times and .997 with respect to the applicable num-  
 6 ber of times in excess of 6.

7 “(E) For any individual who initially becomes eligible  
 8 for disability insurance benefits in any calendar year after  
 9 2005, the primary insurance amount for such individual  
 10 shall be equal to the greater of—

11 “(i) such amount as determined under this  
 12 paragraph, or

13 “(ii) such amount as determined under this  
 14 paragraph without regard to subparagraph (D)  
 15 thereof.”.

16 (b) STUDY OF THE EFFECT OF INCREASES IN LIFE  
 17 EXPECTANCY.—

18 (1) STUDY PLAN.—Not later than February 15,  
 19 2001, the Commissioner of Social Security shall sub-  
 20 mit to Congress a detailed study plan for evaluating  
 21 the effects of increases in life expectancy on the ex-  
 22 pected level of retirement income from social secu-  
 23 rity, pensions, and other sources. The study plan  
 24 shall include a description of the methodology, data,

1 and funding that will be required in order to provide  
2 to Congress not later than February 15, 2006—

3 (A) an evaluation of trends in mortality  
4 and their relationship to trends in health sta-  
5 tus, among individuals approaching eligibility  
6 for social security retirement benefits;

7 (B) an evaluation of trends in labor force  
8 participation among individuals approaching eli-  
9 gibility for social security retirement benefits  
10 and among individuals receiving retirement ben-  
11 efits, and of the factors that influence the  
12 choice between retirement and participation in  
13 the labor force;

14 (C) an evaluation of changes, if any, in the  
15 social security disability program that would re-  
16 duce the impact of changes in the retirement  
17 income of workers in poor health or physically  
18 demanding occupations;

19 (D) an evaluation of the methodology used  
20 to develop projections for trends in mortality,  
21 health status, and labor force participation  
22 among individuals approaching eligibility for so-  
23 cial security retirement benefits and among in-  
24 dividuals receiving retirement benefits; and

1 (E) an evaluation of such other matters as  
 2 the Commissioner deems appropriate for evalu-  
 3 ating the effects of increases in life expectancy.

4 (2) REPORT ON RESULTS OF STUDY.—Not later  
 5 than February 15, 2006, the Commissioner of Social  
 6 Security shall provide to Congress an evaluation of  
 7 the implications of the trends studied under para-  
 8 graph (1), along with recommendations, if any, of  
 9 the extent to which the conclusions of such evalua-  
 10 tions indicate that projected increases in life expect-  
 11 ancy require modification in the social security dis-  
 12 ability program and other income support programs.

13 **SEC. 210. MECHANISM FOR REMEDYING UNFORESEEN DE-**  
 14 **TERIORATION IN SOCIAL SECURITY SOL-**  
 15 **VENCY.**

16 (a) IN GENERAL.—Section 709 of the Social Security  
 17 Act (42 U.S.C. 910) is amended—

18 (1) by redesignating subsection (b) as sub-  
 19 section (c); and

20 (2) by striking “SEC. 709. (a) If the Board of  
 21 Trustees” and all that follows through “any such  
 22 Trust Fund” and inserting the following:

23 “SEC. 709. (a)(1)(A) If the Board of Trustees of the  
 24 Federal Old-Age and Survivors Insurance Trust Fund and  
 25 the Federal Disability Insurance Trust Fund determines

1 at any time, using intermediate actuarial assumptions,  
2 that the balance ratio of either such Trust Fund during  
3 any calendar year within the succeeding period of 75 cal-  
4 endar years will attain zero, the Board shall promptly sub-  
5 mit to each House of the Congress and to the President  
6 a report setting forth its recommendations for statutory  
7 adjustments affecting the receipts and disbursements of  
8 such Trust Fund necessary to maintain the balance ratio  
9 of such Trust Fund at not less than 20 percent, with due  
10 regard to the economic conditions which created such in-  
11 adequacy in the balance ratio and the amount of time nec-  
12 essary to alleviate such inadequacy in a prudent manner.  
13 The report shall set forth specifically the extent to which  
14 benefits would have to be reduced, taxes under section  
15 1401, 3101, or 3111 of the Internal Revenue Code of  
16 1986 would have to be increased, or a combination thereof,  
17 in order to obtain the objectives referred to in the pre-  
18 ceding sentence.

19 “(B) In addition to any reports under subparagraph  
20 (A), the Board shall, not later than May 30, 2001, prepare  
21 and submit to Congress and the President recommenda-  
22 tions for statutory adjustments to the disability insurance  
23 program under title II of this Act to modify the changes  
24 in disability benefits under the Bipartisan Social Security  
25 Reform Act of 2000 without reducing the balance ratio



1 of the Federal Disability Insurance Trust Fund. The  
2 Board shall develop such recommendations in consultation  
3 with the National Council on Disability, taking into con-  
4 sideration the adequacy of benefits under the program, the  
5 relationship of such program with old age benefits under  
6 such title, and changes in the process for determining ini-  
7 tial eligibility and reviewing continued eligibility for bene-  
8 fits under such program.

9       “(2)(A) The President shall, no later than 30 days  
10 after the submission of the report to the President, trans-  
11 mit to the Board and to the Congress a report containing  
12 the President’s approval or disapproval of the Board’s rec-  
13 ommendations.

14       “(B) If the President approves all the recommenda-  
15 tions of the Board, the President shall transmit a copy  
16 of such recommendations to the Congress as the Presi-  
17 dent’s recommendations, together with a certification of  
18 the President’s adoption of such recommendations.

19       “(C) If the President disapproves the recommenda-  
20 tions of the Board, in whole or in part, the President shall  
21 transmit to the Board and the Congress the reasons for  
22 that disapproval. The Board shall then transmit to the  
23 Congress and the President, no later than 60 days after  
24 the date of the submission of the original report to the  
25 President, a revised list of recommendations.

1       “(D) If the President approves all of the revised rec-  
2 ommendations of the Board transmitted to the President  
3 under subparagraph (C), the President shall transmit a  
4 copy of such revised recommendations to the Congress as  
5 the President’s recommendations, together with a certifi-  
6 cation of the President’s adoption of such recommenda-  
7 tions.

8       “(E) If the President disapproves the revised rec-  
9 ommendations of the Board, in whole or in part, the Presi-  
10 dent shall transmit to the Board and the Congress the  
11 reasons for that disapproval, together with such revisions  
12 to such recommendations as the President determines are  
13 necessary to bring such recommendations within the  
14 President’s approval. The President shall transmit a copy  
15 of such recommendations, as so revised, to the Board and  
16 the Congress as the President’s recommendations, to-  
17 gether with a certification of the President’s adoption of  
18 such recommendations.

19       “(3)(A) This paragraph is enacted by Congress—

20               “(i) as an exercise of the rulemaking power of  
21 the Senate and the House of Representatives, re-  
22 spectively, and as such it is deemed a part of the  
23 rules of each House, respectively, but applicable only  
24 with respect to the procedure to be followed in that  
25 House in the case of a joint resolution described in

1        subparagraph (B), and it supersedes other rules only  
 2        to the extent that it is inconsistent with such rules;  
 3        and

4            “(ii) with full recognition of the constitutional  
 5        right of either House to change the rules (so far as  
 6        relating to the procedure of that House) at any time,  
 7        in the same manner, and to the same extent as in  
 8        the case of any other rule of that House.

9        “(B) For purposes of this paragraph, the term ‘joint  
 10       resolution’ means only a joint resolution which is intro-  
 11       duced within the 10-day period beginning on the date on  
 12       which the President transmits the President’s rec-  
 13       ommendations, together with the President’s certification,  
 14       to the Congress under subparagraph (B), (D), or (E) of  
 15       paragraph (2), and—

16            “(i) which does not have a preamble;

17            “(ii) the matter after the resolving clause of  
 18        which is as follows: ‘That the Congress approves the  
 19        recommendations of the President as transmitted on  
 20        \_\_\_\_ pursuant to section 709(a) of the Social Secu-  
 21        rity Act, as follows: \_\_\_\_\_’, the first blank space  
 22        being filled in with the appropriate date and the sec-  
 23        ond blank space being filled in with the statutory ad-  
 24        justments contained in the recommendations; and

1           “(iii) the title of which is as follows: ‘Joint reso-  
2           lution approving the recommendations of the Presi-  
3           dent regarding social security.’.

4           “(C) A joint resolution described in subparagraph  
5 (B) that is introduced in the House of Representatives  
6 shall be referred to the Committee on Ways and Means  
7 of the House of Representatives. A joint resolution de-  
8 scribed in subparagraph (B) introduced in the Senate  
9 shall be referred to the Committee on Finance of the Sen-  
10 ate.

11          “(D) If the committee to which a joint resolution de-  
12 scribed in subparagraph (B) is referred has not reported  
13 such joint resolution (or an identical joint resolution) by  
14 the end of the 20-day period beginning on the date on  
15 which the President transmits the recommendation to the  
16 Congress under paragraph (2), such committee shall be,  
17 at the end of such period, discharged from further consid-  
18 eration of such joint resolution, and such joint resolution  
19 shall be placed on the appropriate calendar of the House  
20 involved.

21          “(E)(i) On or after the third day after the date on  
22 which the committee to which such a joint resolution is  
23 referred has reported, or has been discharged (under sub-  
24 paragraph (D)) from further consideration of, such a joint  
25 resolution, it is in order (even though a previous motion

1 to the same effect has been disagreed to) for any Member  
2 of the respective House to move to proceed to the consider-  
3 ation of the joint resolution. A Member may make the mo-  
4 tion only on the day after the calendar day on which the  
5 Member announces to the House concerned the Member's  
6 intention to make the motion, except that, in the case of  
7 the House of Representatives, the motion may be made  
8 without such prior announcement if the motion is made  
9 by direction of the committee to which the joint resolution  
10 was referred. All points of order against the joint resolu-  
11 tion (and against consideration of the joint resolution) are  
12 waived. The motion is highly privileged in the House of  
13 Representatives and is privileged in the Senate and is not  
14 debatable. The motion is not subject to amendment, or  
15 to a motion to postpone, or to a motion to proceed to the  
16 consideration of other business. A motion to reconsider the  
17 vote by which the motion is agreed to or disagreed to shall  
18 not be in order. If a motion to proceed to the consideration  
19 of the joint resolution is agreed to, the respective House  
20 shall immediately proceed to consideration of the joint res-  
21 olution without intervening motion, order, or other busi-  
22 ness, and the joint resolution shall remain the unfinished  
23 business of the respective House until disposed of.

24       “(ii) Debate on the joint resolution, and on all debat-  
25 able motions and appeals in connection therewith, shall be

1 limited to not more than 2 hours, which shall be divided  
2 equally between those favoring and those opposing the  
3 joint resolution. An amendment to the joint resolution is  
4 not in order. A motion further to limit debate is in order  
5 and not debatable. A motion to postpone, or a motion to  
6 proceed to the consideration of other business, or a motion  
7 to recommit the joint resolution is not in order. A motion  
8 to reconsider the vote by which the joint resolution is  
9 agreed to or disagreed to is not in order.

10       “(iii) Immediately following the conclusion of the de-  
11 bate on a joint resolution described in subparagraph (B)  
12 and a single quorum call at the conclusion of the debate  
13 if requested in accordance with the rules of the appro-  
14 priate House, the vote on final passage of the joint resolu-  
15 tion shall occur.

16       “(iv) Appeals from the decisions of the Chair relating  
17 to the application of the rules of the Senate or the House  
18 of Representatives, as the case may be, to the procedure  
19 relating to a joint resolution described in subparagraph  
20 (B) shall be decided without debate.

21       “(F)(i) If, before the passage by one House of a joint  
22 resolution of that House described in subparagraph (B),  
23 that House receives from the other House a joint resolu-  
24 tion described in subparagraph (B), then the following  
25 procedures shall apply:

1           “(I) The joint resolution of the other House  
 2           shall not be referred to a committee and may not be  
 3           considered in the House receiving it except in the  
 4           case of final passage as provided in subclause (II).

5           “(II) With respect to a joint resolution de-  
 6           scribed in subparagraph (B) of the House receiving  
 7           the joint resolution, the procedure in that House  
 8           shall be the same as if no joint resolution had been  
 9           received from the other House, but the vote on final  
 10          passage shall be on the joint resolution of the other  
 11          House.

12          “(ii) Upon disposition of the joint resolution received  
 13          from the other House, it shall no longer be in order to  
 14          consider the joint resolution that originated in the receiv-  
 15          ing House.

16          “(b) If the Board of Trustees of the Federal Hospital  
 17          Insurance Trust Fund or the Federal Supplementary  
 18          Medical Insurance Trust Fund determines as any time  
 19          that the balance ratio of either such Trust Fund.”.

20          (b) CONFORMING AMENDMENTS.—

21                 (1) Section 709(b) of the Social Security Act  
 22                 (42 U.S.C. 910(b)) (as amended by subsection (a) of  
 23                 this section) is amended by striking “any such” and  
 24                 inserting “either such”.

1           (2) Section 709(c) of such Act (42 U.S.C.  
2           910(c)) (as redesignated by subsection (a) of this  
3           section) is amended by inserting “or (b)” after “sub-  
4           section (a)”.

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