

107TH CONGRESS  
1ST SESSION

# S. 825

To amend title II of the Social Security Act to allow workers who attain age 65 after 1981 and before 1992 to choose either lump sum payments over four years totalling \$5,000 or an improved benefit computation formula under a new 10-year rule governing the transition to the changes in benefit computation rules enacted in the Social Security Amendments of 1977, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 3, 2001

Mr. REID 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 allow workers who attain age 65 after 1981 and before 1992 to choose either lump sum payments over four years totalling \$5,000 or an improved benefit computation formula under a new 10-year rule governing the transition to the changes in benefit computation rules enacted in the Social Security Amendments of 1977, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Notch Fairness Act  
3 of 2001”.

4 **SEC. 2. NEW GUARANTEED MINIMUM PRIMARY INSURANCE**  
5 **AMOUNT WHERE ELIGIBILITY ARISES DUR-**  
6 **ING TRANSITIONAL PERIOD.**

7 (a) IN GENERAL.—Section 215(a) of the Social Secu-  
8 rity Act (42 U.S.C. 415(a)) is amended—

9 (1) in paragraph (4)(B)—

10 (A) by inserting “(with or without the ap-  
11 plication of paragraph (8))” after “would be  
12 made”; and

13 (B) in clause (i), by striking “1984” and  
14 inserting “1989”; and

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

16 “(8)(A) In the case of an individual described in  
17 paragraph (4)(B) (subject to subparagraphs (F) and (G)  
18 of this paragraph), the amount of the individual’s primary  
19 insurance amount as computed or recomputed under para-  
20 graph (1) shall be deemed equal to the sum of—

21 “(i) such amount, and

22 “(ii) the applicable transitional increase amount  
23 (if any).

24 “(B) For purposes of subparagraph (A)(ii), the term  
25 ‘applicable transitional increase amount’ means, in the

1 case of any individual, the product derived by  
2 multiplying—

3 “(i) the excess under former law, by

4 “(ii) the applicable percentage in relation to the  
5 year in which the individual becomes eligible for old-  
6 age insurance benefits, as determined by the fol-  
7 lowing table:

<b>“If the individual becomes eligible for such benefits in:</b>	<b>The applicable percentage is:</b>
1979 .....	55 percent
1980 .....	45 percent
1981 .....	35 percent
1982 .....	32 percent
1983 .....	25 percent
1984 .....	20 percent
1985 .....	16 percent
1986 .....	10 percent
1987 .....	3 percent
1988 .....	5 percent.

8 “(C) For purposes of subparagraph (B), the term ‘ex-  
9 cess under former law’ means, in the case of any indi-  
10 vidual, the excess of—

11 “(i) the applicable former law primary insur-  
12 ance amount, over

13 “(ii) the amount which would be such individ-  
14 ual’s primary insurance amount if computed or re-  
15 computed under this section without regard to this  
16 paragraph and paragraphs (4), (5), and (6).

17 “(D) For purposes of subparagraph (C)(i), the term  
18 ‘applicable former law primary insurance amount’ means,

1 in the case of any individual, the amount which would be  
2 such individual's primary insurance amount if it were—

3           “(i) computed or recomputed (pursuant to  
4 paragraph (4)(B)(i)) under section 215(a) as in ef-  
5 fect in December 1978, or

6           “(ii) computed or recomputed (pursuant to  
7 paragraph (4)(B)(ii)) as provided by subsection (d),  
8 (as applicable) and modified as provided by subparagraph  
9 (E).

10          “(E) In determining the amount which would be an  
11 individual's primary insurance amount as provided in sub-  
12 paragraph (D)—

13           “(i) subsection (b)(4) shall not apply;

14           “(ii) section 215(b) as in effect in December  
15 1978 shall apply, except that section 215(b)(2)(C)  
16 (as then in effect) shall be deemed to provide that  
17 an individual's ‘computation base years’ may include  
18 only calendar years in the period after 1950 (or  
19 1936 if applicable) and ending with the calendar  
20 year in which such individual attains age 61, plus  
21 the 3 calendar years after such period for which the  
22 total of such individual's wages and self-employment  
23 income is the largest; and

24           “(iii) subdivision (I) in the last sentence of  
25 paragraph (4) shall be applied as though the words

1       ‘without regard to any increases in that table’ in  
2       such subdivision read ‘including any increases in  
3       that table’.

4       “(F) This paragraph shall apply in the case of any  
5 individual only if such application results in a primary in-  
6 surance amount for such individual that is greater than  
7 it would be if computed or recomputed under paragraph  
8 (4)(B) without regard to this paragraph.

9       “(G)(i) This paragraph shall apply in the case of any  
10 individual subject to any timely election to receive lump  
11 sum payments under this subparagraph.

12       “(ii) A written election to receive lump sum payments  
13 under this subparagraph, in lieu of the application of this  
14 paragraph to the computation of the primary insurance  
15 amount of an individual described in paragraph (4)(B),  
16 may be filed with the Commissioner of Social Security in  
17 such form and manner as shall be prescribed in regula-  
18 tions of the Commissioner. Any such election may be filed  
19 by such individual or, in the event of such individual’s  
20 death before any such election is filed by such individual,  
21 by any other beneficiary entitled to benefits under section  
22 202 on the basis of such individual’s wages and self-em-  
23 ployment income. Any such election filed after December  
24 31, 2001, shall be null and void and of no effect.

1       “(iii) Upon receipt by the Commissioner of a timely  
2 election filed by the individual described in paragraph  
3 (4)(B) in accordance with clause (ii)—

4           “(I) the Commissioner shall certify receipt of  
5 such election to the Secretary of the Treasury, and  
6 the Secretary of the Treasury, after receipt of such  
7 certification, shall pay such individual, from  
8 amounts in the Federal Old-Age and Survivors In-  
9 surance Trust Fund, a total amount equal to  
10 \$5,000, in 4 annual lump sum installments of  
11 \$1,250, the first of which shall be made during fis-  
12 cal year 2002 not later than July 1, 2002, and

13           “(II) subparagraph (A) shall not apply in deter-  
14 mining such individual’s primary insurance amount.

15       “(iv) Upon receipt by the Commissioner as of Decem-  
16 ber 31, 2001, of a timely election filed in accordance with  
17 clause (ii) by at least one beneficiary entitled to benefits  
18 on the basis of the wages and self-employment income of  
19 a deceased individual described in paragraph (4)(B), if  
20 such deceased individual has filed no timely election in ac-  
21 cordance with clause (ii)—

22           “(I) the Commissioner shall certify receipt of all  
23 such elections received as of such date to the Sec-  
24 retary of the Treasury, and the Secretary of the  
25 Treasury, after receipt of such certification, shall

1 pay each beneficiary filing such a timely election,  
2 from amounts in the Federal Old-Age and Survivors  
3 Insurance Trust Fund, a total amount equal to  
4 \$5,000 (or, in the case of 2 or more such bene-  
5 ficiaries, such amount distributed evenly among such  
6 beneficiaries), in 4 equal annual lump sum install-  
7 ments, the first of which shall be made during fiscal  
8 year 2002 not later than July 1, 2002, and

9 “(II) solely for purposes of determining the  
10 amount of such beneficiary’s benefits, subparagraph  
11 (A) shall be deemed not to apply in determining the  
12 deceased individual’s primary insurance amount.”.

13 (b) EFFECTIVE DATE AND RELATED RULES.—

14 (1) APPLICABILITY OF AMENDMENTS.—

15 (A) IN GENERAL.—Except as provided in  
16 paragraph (2), the amendments made by this  
17 Act shall be effective as though they had been  
18 included or reflected in section 201 of the So-  
19 cial Security Amendments of 1977.

20 (B) APPLICABILITY.—No monthly benefit  
21 or primary insurance amount under title II of  
22 the Social Security Act shall be increased by  
23 reason of such amendments for any month be-  
24 fore July 2002. The amendments made in this  
25 section shall apply with respect to benefits pay-

1           able in months in any fiscal year after fiscal  
2           year 2005 only if the corresponding decrease in  
3           adjusted discretionary spending limits for budg-  
4           et authority and outlays under section 3 of this  
5           Act for fiscal years prior to fiscal year 2006 is  
6           extended by Federal law to such fiscal year  
7           after fiscal year 2005.

8           (2) RECOMPUTATION TO REFLECT BENEFIT IN-  
9           CREASES.—Notwithstanding section 215(f)(1) of the  
10          Social Security Act, the Commissioner of Social Se-  
11          curity shall recompute the primary insurance  
12          amount so as to take into account the amendments  
13          made by this Act in any case in which—

14                 (A) an individual is entitled to monthly in-  
15                 surance benefits under title II of such Act for  
16                 June 2002; and

17                 (B) such benefits are based on a primary  
18                 insurance amount computed—

19                         (i) under section 215 of such Act as  
20                         in effect (by reason of the Social Security  
21                         Amendments of 1977) after December  
22                         1978, or

23                         (ii) under section 215 of such Act as  
24                         in effect prior to January 1979 by reason  
25                         of subsection (a)(4)(B) of such section (as



1                   amended by the Social Security Amend-  
2                   ments of 1977).

3 **SEC. 3. OFFSET PROVIDED BY PROJECTED FEDERAL BUDG-**  
4                   **ET SURPLUSES.**

5           Amounts offset by this Act shall not be counted as  
6 direct spending for purposes of the budgetary limits pro-  
7 vided in the Congressional Budget Act of 1974 and the  
8 Balanced Budget and Emergency Deficit Control Act of  
9 1985.

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