

110TH CONGRESS  
1ST SESSION

# H. R. 1090

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

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2007

Mr. LEWIS of Kentucky introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on the Budget and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

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

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

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

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “Social Security Guarantee Plus Act of 2007”.

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

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

**TITLE I—SOCIAL SECURITY GUARANTEE PROGRAM**

- Sec. 101. Social Security guarantee refundable credit.  
“Sec. 3511. Social Security guarantee refundable credit.
- Sec. 102. Establishment of the Social Security Guarantee Program.

**“PART A—INSURANCE BENEFITS**

**“PART B—SOCIAL SECURITY GUARANTEE PROGRAM**

- “Sec. 251. Definitions.
- “Sec. 252. Establishment of Program.
- “Sec. 253. Social Security guarantee accounts.
- “Sec. 254. Investment of accounts.
- “Sec. 255. Determination of monthly annuity amounts and use in determining account distribution supplements.
- “Sec. 256. Disposition of account assets.
- “Sec. 257. Administration of the Program.
- Sec. 103. Benefit increases.
- Sec. 104. Tax treatment.  
“Sec. 2059. Social Security guarantee accounts.
- Sec. 105. Annual account statements.
- Sec. 106. Protection of social security surpluses.  
“Sec. 316. Lock-box for social security surpluses.

**TITLE II—BENEFIT UPDATES**

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

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

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

3 (1) The Social Security program provides essen-  
4 tial income security for about 48 million Americans  
5 of all ages through its retirement, disability, and  
6 survivor benefits.

7 (2) Social Security's benefit structure is de-  
8 signed to help lower-wage workers, and its family  
9 benefits are of particular importance to women.

10 (3) The Board of Trustees of the Social Secu-  
11 rity trust funds project that, because people are liv-  
12 ing longer, families are having fewer children, and  
13 the baby boom generation is approaching retirement,  
14 the Social Security program's benefit costs will ex-  
15 ceed its tax revenues beginning in 2017. By 2040,  
16 the Social Security trust funds will be depleted and  
17 the program will be able to honor only 74 percent  
18 of benefit commitments, and even less thereafter.

19 (4) Each payday, American workers send their  
20 hard-earned payroll taxes to Social Security and in  
21 return are promised protection for themselves and  
22 their families upon retirement, disability, or death.  
23 That commitment must be kept.

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

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

6           (7) Inasmuch as payroll taxes already con-  
7           stitute the single largest tax burden for most Amer-  
8           ican families, further tax increases would contribute  
9           to erosion in public support for Social Security and  
10          would not result in sustainable financing for the  
11          long term.

12          (8) Allowing the Federal Government to invest  
13          workers' payroll taxes in private financial assets  
14          risks political interference in investment decisions  
15          and may reduce economic efficiency.

16          (9) Workers' ability to save and invest for their  
17          own economic security in retirement will continue to  
18          be particularly important, especially for younger  
19          workers.

20          (10) The creation of Social Security guarantee  
21          accounts as provided for in this Act is a critical goal  
22          in light of Social Security's financial challenges, the  
23          options available to address these challenges, and  
24          the Nation's interest in preserving and strength-

1 ening Social Security for the next 75 years and be-  
2 yond.

3 (b) STATEMENT OF PURPOSE.—The purpose of this  
4 Act is to preserve and strengthen the Social Security pro-  
5 gram through the creation of Social Security guarantee  
6 accounts that will—

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

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

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

16 **TITLE I—SOCIAL SECURITY**  
17 **GUARANTEE PROGRAM**

18 **SEC. 101. SOCIAL SECURITY GUARANTEE REFUNDABLE**  
19 **CREDIT.**

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

1 **“SEC. 3511. SOCIAL SECURITY GUARANTEE REFUNDABLE**  
2 **CREDIT.**

3 “(a) IN GENERAL.—The Social Security guarantee  
4 account established under section 253 of the Social Secu-  
5 rity Act for each individual who has filed an election under  
6 section 253(b) of such Act shall receive for each calendar  
7 year following such election, during which such individual  
8 has earned wages or to which self-employment income of  
9 such individual is credited, a payment equal to the credit  
10 amount determined under subsection (b) for the individual  
11 for such calendar year.

12 “(b) CREDIT AMOUNT.—

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

17 “(A) 4 percent of the sum of—

18 “(i) wages (as defined in section  
19 3121(a)) received by such individual dur-  
20 ing such year on which tax is imposed by  
21 section 3101, and

22 “(ii) self-employment income (as de-  
23 fined in 1402(b)) of such individual for the  
24 taxable year of such individual ending in  
25 such calendar year on which tax is imposed  
26 by section 1401, or

1           “(B) \$1,000 (in the case of the calendar  
2           year ending after the date of the enactment of  
3           the Social Security Guarantee Plus Act of  
4           2007) and the amount determined under para-  
5           graph (2) for the calendar year (in the case of  
6           subsequent calendar years).

7           “(2) WAGE-BASED ADJUSTMENTS.—The Sec-  
8           retary shall, on or before November 1 of the first  
9           calendar year ending after the date of the enactment  
10          of the Social Security Guarantee Plus Act of 2007  
11          and of every calendar year thereafter, determine and  
12          publish in the Federal Register the dollar amount  
13          under paragraph (1)(B) for the succeeding calendar  
14          year. Such amount shall be the larger of—

15               “(A) the amount in effect in the calendar  
16               year in which the determination under this  
17               paragraph is made, or

18               “(B) the product of \$1,000 and the ratio  
19               of the national average wage index (as defined  
20               in section 209(k)(1) of the Social Security Act)  
21               for the calendar year before the year in which  
22               the determination under this paragraph is made  
23               to the national average wage index (as so de-  
24               fined) for the first of the 2 calendar years pre-  
25               ceding the calendar year ending after the date

1           of the enactment of the Social Security Guar-  
2           antee Plus Act of 2007,  
3       with such product, if not a multiple of \$10, being  
4       rounded to the next higher multiple of \$10 where  
5       such amount is a multiple of \$5 but not of \$10 and  
6       to the nearest multiple of \$10 in any other case.

7       “(c) SPECIAL RULES.—

8           “(1) AGREEMENTS BY AMERICAN EMPLOYERS  
9       OF FOREIGN AFFILIATES.—Any amounts paid pur-  
10      suant to an agreement under section 3121(l) (relat-  
11      ing to agreements entered into by American employ-  
12      ers with respect to foreign affiliates) which are  
13      equivalent to the taxes referred to in subsection  
14      (b)(1)(A) shall be treated as taxes referred to in  
15      such subsection.

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

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



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

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

4 (c) EFFECTIVE DATE.—The amendments made by  
 5 this section shall apply to remuneration received, and net  
 6 earnings for self-employment for services performed, in  
 7 calendar years ending after the date of the enactment of  
 8 this Act.

9 **SEC. 102. ESTABLISHMENT OF THE SOCIAL SECURITY**  
 10 **GUARANTEE PROGRAM.**

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

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

15 “PART A—INSURANCE BENEFITS”;

16 and

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

19 “PART B—SOCIAL SECURITY GUARANTEE PROGRAM

20 “DEFINITIONS

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

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

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

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

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

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

15           “(6) PROGRAM.—The term ‘Program’ means  
16           the Social Security Guarantee Program established  
17           under this part.

18           “(7) COVERED MONTHLY INSURANCE BEN-  
19           EFIT.—The term ‘covered monthly insurance benefit’  
20           means a monthly insurance benefit under section  
21           202 or 223, other than a child’s insurance benefit  
22           under section 202(d) of a child who has not attained  
23           age 18 (or who is a full-time elementary or sec-  
24           ondary school student (as defined in section  
25           202(d)(7)(A)) and has not attained age 19).

1                   “ESTABLISHMENT OF PROGRAM

2           “SEC. 252. There is hereby established a Social Secu-  
3 rity Guarantee Program. The Program shall be governed  
4 by regulations which shall be prescribed by the Social Se-  
5 curity Guarantee Board. The Board, the Executive Direc-  
6 tor appointed by the Board, the Commissioner, and the  
7 Secretary of the Treasury shall consult with each other  
8 in issuing regulations relating to their respective duties  
9 under this part. Such regulations shall provide for appro-  
10 priate exchange of information to assist them in per-  
11 forming their duties under this part.

12                   “SOCIAL SECURITY GUARANTEE ACCOUNTS

13           “SEC. 253. (a) ESTABLISHMENT OF ACCOUNTS.—  
14 Under regulations which shall be prescribed by the Board  
15 in consultation with the Secretary of the Treasury—

16                   “(1) the Board shall establish a Social Security  
17 guarantee account for each covered individual (for  
18 whom a Social Security guarantee account has not  
19 otherwise been established under this part) upon ini-  
20 tial receipt of a transfer under subsection (c) with  
21 respect to such covered individual, and

22                   “(2) in any case described in paragraph (2) of  
23 section 256(d), the Board shall establish a Social  
24 Security guarantee account for the divorced spouse  
25 referred to in such paragraph (2).

1       “(b) ELECTION OF STATUS AS COVERED INDI-  
2 VIDUAL.—

3           “(1) IN GENERAL.—Any individual who has at-  
4 tained age 18 and has been assigned a social secu-  
5 rity account number under section 205(c) may elect  
6 to be a covered individual under this part upon filing  
7 an election under this subsection in a form and man-  
8 ner which shall be prescribed in regulations of the  
9 Commissioner of Social Security, in consultation  
10 with the Board. Such regulations shall provide for  
11 the filing of such elections during regularly sched-  
12 uled intervals. Such an election shall be irrevocable  
13 and shall be effective with respect to wages earned,  
14 and self-employment income derived, on or after  
15 January 1 following the date of such filing.

16           “(2) REQUIREMENTS.—An election by an indi-  
17 vidual under this subsection is an election, filed with  
18 the Commissioner, in such form and manner as shall  
19 be prescribed in regulations of the Commissioner,  
20 consisting of a written and signed declaration of  
21 such individual’s intention to become a covered indi-  
22 vidual under this part. The Commissioner shall pro-  
23 vide for immediate notification to the Board and the  
24 Executive Director of such election.

1       “(c) TRANSFERS OF SOCIAL SECURITY GUARANTEE  
2 REFUNDABLE CREDITS.—

3           “(1) IN GENERAL.—Under regulations which  
4 shall be prescribed by the Secretary of the Treasury  
5 in consultation with the Board, as soon as prac-  
6 ticable during the 1-year period after each calendar  
7 year, while minimizing capital market distortions,  
8 the Secretary of the Treasury shall transfer to each  
9 covered individual’s Social Security guarantee ac-  
10 count, from amounts otherwise available in the gen-  
11 eral fund of the Treasury, an amount equal to the  
12 sum of—

13           “(A) the amount payable to the covered in-  
14 dividual’s Social Security guarantee account  
15 under section 3511 of the Internal Revenue  
16 Code of 1986 (relating to the Social Security  
17 guarantee refundable credit) with respect to  
18 wages received during such calendar year by the  
19 covered individual and self-employment income  
20 derived by the covered individual during such  
21 individual’s taxable year ending in such cal-  
22 endar year, and

23           “(B) deemed interest on the amount deter-  
24 mined under subparagraph (A) for the period  
25 commencing with July 1 of such calendar year

1 and ending with the date of the transfer, com-  
2 puted at a rate equal to the average market  
3 yield (computed by the Managing Trustee on  
4 the basis of market quotations as of the end of  
5 the calendar month next preceding the date of  
6 the transfer) on all marketable interest-bearing  
7 obligations of the United States then forming a  
8 part of the public debt which are not due or  
9 callable earlier than 4 years after the end of  
10 such calendar month (rounding any average  
11 market yield computed under this paragraph  
12 which is not a multiple of  $\frac{1}{8}$  of 1 percent to the  
13 nearest multiple of  $\frac{1}{8}$  of 1 percent).

14 “(2) TRANSITION RULE.—Notwithstanding  
15 paragraph (1), amounts payable to Social Security  
16 guarantee accounts under paragraph (1) with re-  
17 spect to the first calendar year described in para-  
18 graph (1)(A) ending after the date of the enactment  
19 of the Social Security Guarantee Plus Act of 2007  
20 shall be paid by the Secretary of the Treasury as  
21 soon as practicable after such Secretary determines  
22 that the administrative mechanisms necessary to  
23 provide for accurate and efficient payment of such  
24 amounts have been established.

1           “(3) AVAILABILITY OF TRUST FUNDS FOR  
2 TRANSFERS.—

3           “(A) RECOMMENDATIONS BY MANAGING  
4 TRUSTEE.—As determined appropriate from  
5 time to time by the Managing Trustee of the  
6 Federal Old-Age and Survivors Insurance Trust  
7 Fund and the Federal Disability Insurance  
8 Trust Fund, the Managing Trustee shall trans-  
9 mit to each House of the Congress the Man-  
10 aging Trustee’s recommendation that amounts  
11 to be transferred to Social Security guarantee  
12 accounts under paragraph (1) be transferred  
13 from such Trust Funds in lieu of the general  
14 fund. Any such recommendation shall take ef-  
15 fect only upon ratification thereof by an Act of  
16 Congress.

17           “(B) DETERMINATIONS OF AVAIL-  
18 ABILITY.—The Managing Trustee may not de-  
19 termine that any such transfer from the Trust  
20 Funds is appropriate at any time unless the  
21 Managing Trustee has determined that  
22 amounts in such Trust Fund are available at  
23 such time for such transfers. For purposes of  
24 this subparagraph, amounts in either of the  
25 Trust Funds shall be considered to be available

1 for such transfers at any time only to the ex-  
2 tent that the balance in such Trust Fund at  
3 such time exceeds the best estimate of the Man-  
4 aging Trustee of the projected withdrawals oth-  
5 erwise required from such Trust Fund during  
6 the next following 1-year period.

7 “(C) ASSUMPTIONS.—In making rec-  
8 ommendations under this paragraph, the Man-  
9 aging Trustee shall utilize the intermediate ac-  
10 tuarial assumptions utilized by the Board of  
11 Trustees of the Trust Funds for its most recent  
12 annual report issued under section 201(c).

13 “(D) REPORT ON USE OF SOCIAL SECU-  
14 RITY SURPLUSES.—The Managing Trustee shall  
15 annually prepare a report consisting of—

16 “(i) the Managing Trustee’s deter-  
17 mination of the extent to which amounts  
18 have been appropriated from the Trust  
19 Funds under this paragraph in connection  
20 with Social Security guarantee refundable  
21 credits under section 3511 of such Code,  
22 and

23 “(ii) the Managing Trustee’s rec-  
24 ommendations, based on the Managing  
25 Trustee’s review of the financial status of



1           such Trust Funds, with respect to whether  
2           or to what extent that portion of the taxes  
3           under chapters 2 and 21 of the Internal  
4           Revenue Code of 1986 to which surpluses  
5           in the Trust Funds may be attributed  
6           should be reduced or should be maintained  
7           so as to allow for continued appropriations  
8           from the Trust Funds under this para-  
9           graph in connection with such credits.

10           The Board of Trustees of the Trust Funds  
11           shall include such report in the Board's annual  
12           report to the President and the Congress under  
13           section 201(c)(2).

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

17           “(1) Amounts transferred to the account con-  
18           sist solely of amounts transferred pursuant to this  
19           part.

20           “(2) In accordance with section 254, the ac-  
21           count assets are held for purposes of investment  
22           under the Program by a certified account manager  
23           designated by (or on behalf of) the covered indi-  
24           vidual for whom such account is established under  
25           the Program.



1 count manager shall be designated by or on behalf of each  
2 covered individual to hold for investment under this sec-  
3 tion such individual's Social Security guarantee account  
4 assets.

5       “(b) PROCEDURE FOR DESIGNATION.—Any designa-  
6 tion made under subsection (a) shall be made in such form  
7 and manner as shall be prescribed in regulations pre-  
8 scribed by the Board, following the initiation of an edu-  
9 cational campaign as provided in section 257(a)(3)(C).  
10 Such regulations shall provide for annual selection periods  
11 during which covered individuals may make designations  
12 pursuant to subsection (a). Designations made pursuant  
13 to subsection (a) during any such period shall be irrev-  
14 ocable for the one-year period following such period, ex-  
15 cept that such regulations shall provide for such interim  
16 designations as may be necessitated by the decertification  
17 of a certified account manager. Such regulations shall pro-  
18 vide for such designations made by the Board on behalf  
19 of a covered individual in any case in which a timely des-  
20 ignation is not made by the covered individual.

21       “(c) INVESTMENT GUIDELINES.—

22               “(1) IN GENERAL.—For purposes of investment  
23 of amounts held in each Social Security guarantee  
24 account, the Board shall provide by regulation for 3  
25 investment options. Such options shall consist of the

1 60/40 investment option, the 65/35 investment op-  
2 tion, and the 70/30 investment option.

3 “(2) ALTERNATIVE INVESTMENT OPTIONS.—

4 “(A) THE 60/40 INVESTMENT OPTION.—

5 Under the 60/40 investment option, amounts  
6 are held in the Social Security guarantee ac-  
7 count so as to ensure, to the maximum extent  
8 practicable, that, of the total balance credited  
9 to the account and available for investment  
10 (after allowing for administrative expenses)—

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

13 “(ii) 40 percent is invested in fixed in-  
14 come securities as provided in paragraph  
15 (5).

16 For such purpose, certified account managers  
17 shall offer each account holder a choice of one  
18 or more portfolios of each such type of invest-  
19 ment. Except as provided in an election under  
20 paragraph (3), amounts held in a Social Secu-  
21 rity guarantee account shall be invested under  
22 the 60/40 investment option.

23 “(B) THE 65/35 INVESTMENT OPTION.—

24 Under the 65/35 investment option, amounts  
25 are held in the Social Security guarantee ac-

1 count so as to ensure, to the maximum extent  
2 practicable, that, of the total balance credited  
3 to the account and available for investment  
4 (after allowing for administrative expenses)—

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

7 “(ii) 35 percent is invested in fixed in-  
8 come securities as provided in paragraph  
9 (5).

10 For such purpose, certified account managers  
11 shall offer each account holder a choice of one  
12 or more portfolios of each such type of invest-  
13 ment.

14 “(C) THE 70/30 INVESTMENT OPTION.—  
15 Under the 70/30 investment option, amounts  
16 are held in the Social Security guarantee ac-  
17 count so as to ensure, to the maximum extent  
18 practicable, that, of the total balance credited  
19 to the account and available for investment  
20 (after allowing for administrative expenses)—

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

23 “(ii) 30 percent is invested in fixed in-  
24 come securities as provided in paragraph  
25 (5).

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

5           “(3) ELECTIONS AMONG INVESTMENT OP-  
6           TIONS.—Pursuant to any individual’s written elec-  
7           tion filed in accordance with regulations of the  
8           Board during annual open seasons specified in such  
9           regulations, the certified account manager of the in-  
10          dividual’s Social Security guarantee account shall, in  
11          accordance with such regulations, provide for dis-  
12          investment and reinvestment of amounts held in the  
13          account under any of the investment options de-  
14          scribed in paragraph (2) so as to provide for invest-  
15          ment of amounts held in the account in any of the  
16          other such investment options specified in such elec-  
17          tion.

18          “(4) COMMON STOCK INDEX REQUIREMENTS.—  
19          The Board shall establish by regulation standards  
20          which must be met by any portfolio of common stock  
21          selected for investment of account assets as provided  
22          in subparagraph (A)(i), (B)(i), or (C)(i) of para-  
23          graph (2), consistent with the requirement that such  
24          portfolio replicate the performance of one or more  
25          common stock indices comprised of common stock

1 the aggregate market value of which is, in each case,  
2 a reasonably broad representation of publicly held  
3 companies whose shares are traded on the equity  
4 markets.

5 “(5) FIXED INCOME SECURITIES REQUIRE-  
6 MENTS.—The Board shall establish by regulation  
7 standards which must be met by fixed income securi-  
8 ties selected for investment of account assets as pro-  
9 vided in subparagraph (A)(ii), (B)(ii), or (C)(ii) of  
10 paragraph (2). Amounts invested in fixed income se-  
11 curities by a certified account manager under the  
12 Program shall be held in a portfolio which shall con-  
13 sist of a diverse range of high-grade corporate  
14 bonds.

15 “(d) DIVERSIFICATION STANDARDS.—The Board  
16 shall specify by regulation standards governing invest-  
17 ments under this section to ensure prudent diversification  
18 among the investments under the Program.

19 “DETERMINATION OF MONTHLY ANNUITY AMOUNTS AND  
20 USE IN DETERMINING ACCOUNT DISTRIBUTION SUP-  
21 PLEMENTS

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

23 “(1) IN GENERAL.—In accordance with regula-  
24 tions of the Board meeting the requirements of this  
25 section, the Commissioner shall determine a monthly  
26 annuity amount in connection with such covered in-

1       dividual’s Social Security guarantee account, for  
2       each month—

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

5               “(B) for which such individual is entitled  
6       to a covered monthly insurance benefit under  
7       part A, and

8               “(C) which ends prior to or with—

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

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

15               “(2) AMOUNT.—The monthly annuity amount  
16       shall be equal to the amount which would be the ini-  
17       tial monthly payment under—

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

21               “(B) if the covered individual is married  
22       on such date, an immediate annuity for the  
23       joint lives of the covered individual and the cov-  
24       ered individual’s spouse, together with a sur-  
25       vivor annuity to the one of them who survives



1           the other of them for the life of the survivor  
2           payable in monthly installments equal to  $66\frac{2}{3}$   
3           percent of the monthly payment of the annuity  
4           that would be payable if both spouses remained  
5           alive,

6           purchased with the balance of the account (deter-  
7           mined after payment of the initial lump sum pay-  
8           ment under section 256(e)).

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

23          “(4) ADJUSTMENTS BASED ON ADDITIONAL SO-  
24          CIAL SECURITY GUARANTEE REFUNDABLE CRED-  
25          ITS.—The Board shall annually augment the month-

1 ly annuity amount in connection with each Social  
2 Security guarantee account by an additional monthly  
3 annuity amount, determined under this subsection  
4 on the basis of any additional transfer to the ac-  
5 count of a Social Security guarantee refundable  
6 credit for the year (plus deemed interest) under sec-  
7 tion 253(c), after subtracting the amount of the an-  
8 nual lump sum payment made from such account  
9 under section 256(c)(2).

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

20 “(b) AMOUNT OF ACCOUNT DISTRIBUTION SUPPLE-  
21 MENT.—The Board shall determine for each month the  
22 amount of the monthly account distribution supplement  
23 (if any) in connection with a covered individual’s Social  
24 Security guarantee account and shall certify such amount  
25 to the Commissioner so as to allow inclusion of such sup-

1 plement in each covered monthly insurance benefit pay-  
2 ment pursuant to section 202(z) or 223(k). The amount  
3 of the supplement for each benefit shall be the excess (if  
4 any) of—

5 “(1) the sum of—

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

8 “(B) in the case of a covered individual  
9 surviving a deceased spouse, a monthly amount  
10 which would be the monthly equivalent of the  
11 survivor annuity described in subsection  
12 (a)(2)(B) in connection with the Social Security  
13 guarantee account of the deceased spouse, over

14 “(2) the amount of the benefit (as determined  
15 before applying sections 202(z) and 223(k) and be-  
16 fore applying any reduction or deduction applicable  
17 under part A).

18 “DISPOSITION OF ACCOUNT ASSETS

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

22 “(b) ACCOUNT MANAGER TRANSFERS TO THE TRUST  
23 FUNDS.—

24 “(1) IN GENERAL.—In accordance with a  
25 schedule which shall be prescribed in regulations of  
26 the Board, each certified account manager holding

1 account assets shall make account manager trans-  
2 fers to the Secretary of the Treasury. Such Sec-  
3 retary shall immediately credit each such transfer to  
4 the Federal Old-Age and Survivors Insurance Trust  
5 Fund or the Federal Disability Insurance Trust  
6 Fund, according to an appropriate distribution for-  
7 mula which shall be prescribed in regulations of the  
8 Executive Director. The Executive Director shall  
9 provide to the certified account manager timely in-  
10 formation necessary to carry out such account man-  
11 ager's duties under this section.

12 “(2) DETERMINATION OF AMOUNT OF ACCOUNT  
13 MANAGER TRANSFER.—The amount of each account  
14 manager transfer due from a certified account man-  
15 ager for any period shall be an amount equal to the  
16 sum of—

17 “(A) the aggregate monthly annuity  
18 amount or amounts determined under para-  
19 graph (3) for the month or months ending dur-  
20 ing such period in connection with the Social  
21 Security guarantee accounts under the manage-  
22 ment of the certified account manager under  
23 the Program, and

1           “(B) the aggregate monthly account remit-  
2           tance for such period described in paragraph  
3           (4) in connection with such accounts.

4           “(3)     AGGREGATE     MONTHLY     ANNUITY  
5     AMOUNT.—The aggregate monthly annuity amount  
6     for any month in connection with the Social Security  
7     guarantee accounts under the management of any  
8     certified account manager under the Program is  
9     equal to the sum of all monthly annuity amounts in  
10    connection with such accounts, determined under  
11    section 255.

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

1           “(5) WITHDRAWALS FROM ACCOUNT BALANCES  
2           FOR PURPOSES OF ACCOUNT MANAGER TRANS-  
3           FERS.—In advance of each account manager trans-  
4           fer required under this subsection to be made by a  
5           certified account manager managing one or more  
6           Social Security guarantee accounts under the Pro-  
7           gram, the Commissioner shall certify to the Execu-  
8           tive Director and to such certified account manager  
9           the monthly annuity amount in connection with each  
10          such account for each month during the period for  
11          which such transfer is to be made. At the time of  
12          such transfer, the certified account manager may  
13          withdraw from the assets of each such account the  
14          monthly annuity amount in connection with such ac-  
15          count taken into account in determining each of the  
16          aggregate monthly annuity amounts included in the  
17          amount of the account manager transfer. Such with-  
18          drawn assets shall be available to the certified ac-  
19          count manager solely for purposes of making such  
20          account manager transfer.

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

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

4           “(2) a lump sum payment in connection with  
5 each subsequent transfer to such account (pursuant  
6 to section 253(c)) of such individual’s social security  
7 guarantee refundable credits for years beginning  
8 after commencement of such initial entitlement, pay-  
9 able as soon as practicable after the transfer, equal  
10 to 5 percent of the transferred amount (including  
11 deemed interest).

12 The Executive Director shall certify to the certified ac-  
13 count manager managing such account the amount of  
14 each lump sum payment, and upon receipt of such certifi-  
15 cation, the certified account manager shall transfer such  
16 certified amount to the Secretary of the Treasury for sub-  
17 sequent transfer to the covered individual. Such certifi-  
18 cation shall also include such information as may be nec-  
19 essary to make each lump sum payment in a timely man-  
20 ner.

21           “(d) SPLITTING OF ACCOUNT ASSETS UPON DI-  
22 VORCE AFTER 1 YEAR OF MARRIAGE.—Upon the divorce  
23 of a covered individual for whom a Social Security guar-  
24 antee account has been established under this part, from

1 a spouse to whom the covered individual had been married  
2 for at least 1 year—

3 “(1) if a Social Security guarantee account has  
4 been established under this part for the divorced  
5 spouse of the covered individual, the Board shall di-  
6 rect the appropriate certified account manager to  
7 transfer—

8 “(A) from the Social Security guarantee  
9 account with the greater amount of accruals  
10 (including earnings) during the time of the  
11 marriage,

12 “(B) to the other such account,  
13 an amount equal to one-half of the difference be-  
14 tween the amounts of such accruals in such ac-  
15 counts, or

16 “(2) if a Social Security guarantee account has  
17 not been established for the divorced spouse, the  
18 Board shall establish a Social Security guarantee ac-  
19 count for the divorced spouse, and shall direct the  
20 appropriate certified account manager to transfer—

21 “(A) from the Social Security guarantee  
22 account of the covered individual,

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



1 an amount equal to one-half of the amount of accru-  
2 als (including earnings) during the time of the mar-  
3 riage in the Social Security guarantee account of the  
4 covered individual.

5 In the case of any transfer directed under this subsection,  
6 the Executive Director shall certify to the appropriate cer-  
7 tified account manager the information necessary to make  
8 such transfer.

9 “(e) CLOSING OF ACCOUNT UPON THE DEATH OF  
10 THE COVERED INDIVIDUAL.—

11 “(1) TRANSFERS UPON DEATH BEFORE ENTI-  
12 TLEMENT.—Upon the death of a covered individual  
13 before the individual has become entitled to covered  
14 monthly insurance benefits, the Executive Director  
15 shall close out the covered individual’s Social Secu-  
16 rity guarantee account. In closing out the account,  
17 the Executive Director shall certify to the certified  
18 account manager the amount of the account assets,  
19 and, upon receipt of such certification, such certified  
20 account manager shall transfer from such account  
21 an amount equal to such certified amount to the  
22 Secretary of the Treasury for subsequent transfer to  
23 the estate of such covered individual.

24 “(2) TRANSFERS UPON DEATH AFTER ENTI-  
25 TLEMENT.—

1           “(A) IN GENERAL.—In any case in which  
2 the covered individual dies after the individual  
3 has become entitled to covered monthly insur-  
4 ance benefits, the Executive Director shall, ex-  
5 cept as provided in subparagraph (B), close out  
6 the covered individual’s Social Security guar-  
7 antee account upon such covered individual’s  
8 death.

9           “(B) DELAYED CLOSING IN THE CASE OF  
10 SURVIVING SPOUSE.—If the covered individual  
11 was married at the time of the covered individ-  
12 ual’s death, the Executive Director shall close  
13 out the covered individual’s Social Security  
14 guarantee account with the close, upon the sur-  
15 viving spouse’s death, of the period to which the  
16 survivor annuity portion of the monthly annuity  
17 amount in connection with such account is ap-  
18 plicable under section 255(a). The Board shall  
19 from time to time propose to the Congress rec-  
20 ommendations for legislative changes necessary  
21 to provide for closing of the account in a man-  
22 ner and time consistent with regulations pre-  
23 scribed pursuant to section 255(a)(5).

24           “(C) CERTIFICATION AND TRANSFER TO  
25 TRUST FUNDS.—In closing out the account, the

1 Executive Director shall certify to the certified  
2 account manager holding the covered individ-  
3 ual's account assets the amount of the account  
4 assets, and such certified account manager shall  
5 transfer an amount equal to such certified  
6 amount to the Secretary of the Treasury for  
7 crediting to the Federal Old-Age and Survivors  
8 Insurance Trust Fund or the Federal Disability  
9 Insurance Trust Fund, as determined appro-  
10 priate under regulations of the Board.

11 “(f) CLOSING OF ACCOUNT OF COVERED INDIVID-  
12 UALS WHO ARE INELIGIBLE FOR BENEFITS UPON AT-  
13 TAINING RETIREMENT AGE.—In any case in which, as of  
14 the date on which a covered individual attains retirement  
15 age (as defined in section 216(l)), such individual is not  
16 eligible for a covered monthly insurance benefit, the Com-  
17 missioner shall so certify to the Executive Director and,  
18 upon receipt of such certification, the Executive Director  
19 shall close out the covered individual's Social Security  
20 guarantee account. In closing out the account, the Execu-  
21 tive Director shall certify to the certified account manager  
22 the amount of the account assets, and upon receipt of such  
23 certification from the Executive Director, the account  
24 manager shall transfer from such account an amount  
25 equal to such certified amount to the Secretary of the

1 Treasury for subsequent transfer to the covered indi-  
2 vidual.

3 “(g) ADMINISTRATIVE EXPENSES.—

4 “(1) IN GENERAL.—Under regulations which  
5 shall be prescribed by the Board, account assets are  
6 available for payment of the reasonable administra-  
7 tive costs of the Program (including reasonable ad-  
8 ministration fees charged by certified account man-  
9 agers under the Program), but in no event to exceed  
10 25 basis points per year of the assets under manage-  
11 ment.

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

14 For any such administrative costs that remain after  
15 applying paragraph (1) for each of the first five fis-  
16 cal years that end after the date of the enactment  
17 of this part, there are authorized to be appropriated  
18 such sums as may be necessary for each of such fis-  
19 cal years.

20 “ADMINISTRATION OF THE PROGRAM

21 “SEC. 257. (a) GENERAL PROVISIONS.—

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

24 “(A) ESTABLISHMENT.—There is estab-  
25 lished in the Social Security Administration a  
26 Social Security Guarantee Board.

1           “(B) MEMBERSHIP.—The Board shall be  
2           composed of 6 members appointed by the Board  
3           of Trustees of the Federal Old-Age and Sur-  
4           vivors Insurance Trust Fund and the Federal  
5           Disability Insurance Trust Fund. One member  
6           shall serve as Chairman, as designated by the  
7           Board of Trustees. Members of the Board shall  
8           have substantial experience, training, and ex-  
9           pertise in the area of pension benefits, finance,  
10          investment, or insurance.

11          “(C) TERMS.—

12                 “(i) IN GENERAL.—A member of the  
13                 Board shall be appointed for a term of 9  
14                 years, subject only to removal by the  
15                 Board of Trustees for cause, except that of  
16                 the members first appointed—

17                         “(I) two shall be appointed for a  
18                         term of 3 years;

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

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

23                 “(ii) VACANCIES.—A vacancy on the  
24                 Board shall be filled in the manner in  
25                 which the original appointment was made

1 and shall be subject to any conditions  
2 which applied with respect to the original  
3 appointment. An individual chosen to fill a  
4 vacancy shall be appointed for the unex-  
5 pired term of the member replaced. The  
6 term of any member shall not expire before  
7 the date on which the member's successor  
8 takes office.

9 “(D) POWERS AND DUTIES OF THE  
10 BOARD.—

11 “(i) IN GENERAL.—The Board shall  
12 have powers and duties solely as provided  
13 in this part. The Board shall prescribe by  
14 regulation the terms of the Social Security  
15 Guarantee Program established under this  
16 part, including policies for investment  
17 under the Program of account assets, and  
18 policies for the certification and decerti-  
19 fication of account managers under the  
20 Program, which shall include consideration  
21 of the appropriateness of the marketing  
22 materials and plans of such person.

23 “(ii) BUDGETARY REQUIREMENTS.—  
24 The Board shall prepare and submit to the  
25 President and to the appropriate commit-

1           tees of Congress an annual budget of the  
2           expenses and other items relating to the  
3           Board which shall be included as a sepa-  
4           rate item in the budget required to be  
5           transmitted to the Congress under section  
6           1105 of title 31, United States Code. The  
7           Board shall provide for low administrative  
8           costs such that, to the extent practicable,  
9           overall administrative costs of the Program  
10          do not exceed 25 basis points in relation to  
11          assets under management under the Pro-  
12          gram.

13           “(E) ADDITIONAL AUTHORITIES OF THE  
14          BOARD.—The Board may—

15                   “(i) adopt, alter, and use a seal;

16                   “(ii) establish policies with which the  
17                   Commissioner shall comply under this  
18                   part; and

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

21           “(F) INDEPENDENCE OF CERTIFIED AC-  
22          COUNT MANAGERS.—The policies of the Board  
23          may not require a certified account manager to  
24          invest or to cause to be invested any account  
25          assets in a specific asset or to dispose of or

1           cause to be disposed of any specific asset so  
2           held.

3           “(G) MEETINGS OF THE BOARD.—The  
4           Board shall meet at the call of the Chairman or  
5           upon the request of a quorum of the Board.  
6           The Board shall perform the functions and ex-  
7           ercise the powers of the Board on a majority  
8           vote of a quorum of the Board. Four members  
9           of the Board shall constitute a quorum for the  
10          transaction of business.

11          “(H) COMPENSATION OF BOARD MEM-  
12          BERS.—

13                 “(i) IN GENERAL.—Each member of  
14                 the Board who is not an officer or em-  
15                 ployee of the Federal Government shall be  
16                 compensated at the daily rate of basic pay  
17                 for level I of the Executive Schedule for  
18                 each day during which such member is en-  
19                 gaged in performing a function of the  
20                 Board. Any member who is such an officer  
21                 or employee shall not suffer any loss of pay  
22                 or deduction from annual leave on the  
23                 basis of any time used by such member in  
24                 performing such a function.



1           “(ii) TRAVEL, PER DIEM, AND EX-  
2           PENSES.—A member of the Board shall be  
3           paid travel, per diem, and other necessary  
4           expenses under subchapter I of chapter 57  
5           of title 5, United States Code, while trav-  
6           eling away from such member’s home or  
7           regular place of business in the perform-  
8           ance of the duties of the Board.

9           “(I) STANDARD FOR BOARD’S DISCHARGE  
10          OF RESPONSIBILITIES.—The members of the  
11          Board shall discharge their responsibilities sole-  
12          ly in the interest of covered individuals and the  
13          Program.

14          “(J) ANNUAL REPORT.—The Board shall  
15          submit an annual report to the President, to  
16          each House of the Congress, and to the Board  
17          of Trustees of the Federal Old-Age and Sur-  
18          vivors Insurance Trust Fund and the Federal  
19          Disability Insurance Trust Fund regarding the  
20          financial and operating condition of the Pro-  
21          gram.

22          “(K) PUBLIC ACCOUNTANT.—

23                 “(i) DEFINITION.—For purposes of  
24                 this subparagraph, the term ‘qualified pub-  
25                 lic accountant’ shall have the same mean-

1           ing as provided in section 103(a)(3)(D) of  
2           the Employee Retirement Income Security  
3           Act of 1974 (29 U.S.C. 1023(a)(3)(D)).

4           “(ii) ENGAGEMENT.—The Executive  
5           Director, in consultation with the Board,  
6           shall annually engage, on behalf of all indi-  
7           viduals for whom a Social Security guar-  
8           antee account is established under this  
9           part, an independent qualified public ac-  
10          countant, who shall conduct an examina-  
11          tion of all records maintained in the ad-  
12          ministration of this part that the public ac-  
13          countant considers necessary.

14          “(iii) DUTIES.—The public account-  
15          ant conducting an examination under  
16          clause (ii) shall determine whether the  
17          records referred to in such clause have  
18          been maintained in conformity with gen-  
19          erally accepted accounting principles. The  
20          public accountant shall transmit to the  
21          Board a report on his examination.

22          “(iv) RELIANCE ON CERTIFIED ACTU-  
23          ARIAL MATTERS.—In making a determina-  
24          tion under clause (iii), a public accountant  
25          may rely on the correctness of any actu-

1           arial matter certified by an enrolled actu-  
2           ary if the public accountant states his reli-  
3           ance in the report transmitted to the  
4           Board under such clause.

5           “(2) EXECUTIVE DIRECTOR.—

6           “(A) APPOINTMENT AND REMOVAL.—The  
7           Board shall appoint, without regard to the pro-  
8           visions of law governing appointments in the  
9           competitive service, an Executive Director by  
10          action agreed to by a majority of the members  
11          of the Board. The Executive Director shall have  
12          substantial experience, training, and expertise  
13          in the management of financial investments and  
14          pension benefit plans. The Board may, with the  
15          concurrence of 4 members of the Board, remove  
16          the Executive Director from office for good  
17          cause shown.

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

20                 “(i) carry out the policies established  
21                 by the Board,

22                 “(ii) administer the provisions of this  
23                 part in accordance with the policies of the  
24                 Board,

1           “(iii) in consultation with the Board,  
2           prescribe such regulations (other than reg-  
3           ulations relating to fiduciary responsibil-  
4           ities) as may be necessary for the adminis-  
5           tration of this part, and

6           “(iv) meet from time to time with the  
7           Board upon request of the Board.

8           “(C) ADMINISTRATIVE AUTHORITIES OF  
9           EXECUTIVE DIRECTOR.—The Executive Direc-  
10          tor may—

11           “(i) appoint such personnel as may be  
12           necessary to carry out the provisions of  
13           this part,

14           “(ii) subject to approval by the Board,  
15           procure the services of experts and consult-  
16           ants under section 3109 of title 5, United  
17           States Code,

18           “(iii) secure directly from any agency  
19           or instrumentality of the Federal Govern-  
20           ment any information which, in the judg-  
21           ment of the Executive Director, is nec-  
22           essary to carry out the provisions of this  
23           part and the policies of the Board, and  
24           which shall be provided by such agency or

1 instrumentality upon the request of the  
2 Executive Director,

3 “(iv) pay the compensation, per diem,  
4 and travel expenses of individuals ap-  
5 pointed under clauses (i), (ii), and (v) of  
6 this subparagraph, subject to such limits  
7 as may be established by the Board,

8 “(v) accept and use the services of in-  
9 dividuals employed intermittently in the  
10 Government service and reimburse such in-  
11 dividuals for travel expenses, as authorized  
12 by section 5703 of title 5, United States  
13 Code, including per diem as authorized by  
14 section 5702 of such title, and

15 “(vi) except as otherwise expressly  
16 prohibited by law or the policies of the  
17 Board, delegate any of the Executive Di-  
18 rector’s functions to such employees under  
19 the Board as the Executive Director may  
20 designate and authorize such successive re-  
21 delegations of such functions to such em-  
22 ployees under the Board as the Executive  
23 Director may consider to be necessary or  
24 appropriate.

1           “(3) ROLE OF THE COMMISSIONER OF SOCIAL  
2 SECURITY.—The Commissioner shall—

3           “(A) prescribe such regulations (supple-  
4 mentary to and consistent with the regulations  
5 prescribed by the Board and the Executive Di-  
6 rector) as may be necessary for carrying out the  
7 duties of the Commissioner under this part,

8           “(B) meet from time to time with, and  
9 provide information to, the Board upon request  
10 of the Board regarding matters relating to the  
11 Social Security Guarantee Program, and

12           “(C) in consultation with the Board and  
13 utilizing available Federal agencies and re-  
14 sources, develop a campaign to educate workers  
15 about the Program.

16           “(b) CERTIFICATION AND OVERSIGHT OF ACCOUNT  
17 MANAGERS.—

18           “(1) CERTIFICATION BY THE BOARD.—

19           “(A) IN GENERAL.—Any person that is a  
20 qualified professional asset manager (as defined  
21 in section 8438(a)(8) of title 5, United States  
22 Code) may apply to the Board (in such form  
23 and manner as shall be provided by the Board  
24 by regulation) for certification under this sub-  
25 section as a certified account manager. In mak-

1           ing certification decisions, the Board shall con-  
2           sider the applicant’s general character and fit-  
3           ness, financial history and future earnings pros-  
4           pects, and ability to serve covered individuals  
5           under the Program, and such other criteria as  
6           the Board deems necessary to carry out this  
7           part. Certification of any person under this sub-  
8           section shall be contingent upon entry into a  
9           contractual arrangement between the Board  
10          and such person.

11           “(B) NONDELEGATION REQUIREMENT.—

12           The authority of the Board to make any deter-  
13           mination to deny any application under this  
14           subsection may not be delegated by the Board.

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

17           “(A) ROLE OF REGULATORY AGENCIES.—

18           The Board may enter into cooperative arrange-  
19           ments with Federal and State regulatory agen-  
20           cies identified by the Board as having jurisdic-  
21           tion over persons eligible for certification under  
22           this subsection so as to ensure that the provi-  
23           sions of this part are enforced with respect to  
24           certified account managers in a manner con-  
25           sistent with and supportive of the requirements

1 of other provisions of Federal law applicable to  
2 them. Such Federal regulatory agencies shall  
3 cooperate with the Board to the extent that the  
4 Board determines that such cooperation is nec-  
5 essary and appropriate to ensure that the provi-  
6 sions of this part are effectively implemented.

7 “(B) ACCESS TO RECORDS.—The Board  
8 may from time to time require any certified ac-  
9 count manager to file such reports as the Board  
10 may specify by regulation as necessary for the  
11 administration of this part. In prescribing such  
12 regulations, the Board shall minimize the regu-  
13 latory burden imposed upon certified account  
14 managers while taking into account the benefit  
15 of the information to the Board in carrying out  
16 its functions under this part.

17 “(3) REVOCATION OF CERTIFICATION.—The  
18 Board shall provide, in the contractual arrangements  
19 entered into under this subsection with each certified  
20 account manager, for revocation of such person’s  
21 status as a certified account manager upon deter-  
22 mination by the Board of such person’s failure to  
23 comply with the requirements of such contractual ar-  
24 rangements. Such arrangements shall include provi-



1 sion for notice and opportunity for review of any  
2 such revocation.

3 “(c) FIDUCIARY RESPONSIBILITIES.—

4 “(1) IN GENERAL.—Rules similar to the provi-  
5 sions of section 8477 of title 5, United States Code  
6 (relating to fiduciary responsibilities; liability and  
7 penalties) shall apply in connection with account as-  
8 sets, in accordance with regulations which shall be  
9 issued by the Board. The Board shall issue regula-  
10 tions with respect to the investigative authority of  
11 appropriate Federal agencies in cases involving ac-  
12 count assets.

13 “(2) EXCULPATORY PROVISIONS VOIDED.—Any  
14 provision in an agreement or instrument which pur-  
15 ports to relieve a fiduciary from responsibility or li-  
16 ability for any responsibility, obligation, or duty  
17 under this part shall be void.

18 “(d) CIVIL ACTIONS BY BOARD.—If any person fails  
19 to meet any requirement of this part or of any contract  
20 entered into under this part, the Board may bring a civil  
21 action in any district court of the United States within  
22 the jurisdiction of which such person’s assets are located  
23 or in which such person resides or is found, without regard  
24 to the amount in controversy, for appropriate relief to re-  
25 dress the violation or enforce the provisions of this part,

1 and process in such an action may be served in any dis-  
2 trict.

3       “(e) PREEMPTION OF INCONSISTENT STATE LAW.—  
4 A provision of this part shall not be construed to preempt  
5 any provision of the law of any State or political subdivi-  
6 sion thereof, or prevent a State or political subdivision  
7 thereof from enacting any provision of law with respect  
8 to the subject matter of this part, except to the extent  
9 that such provision of State law is inconsistent with this  
10 part, and then only to the extent of the inconsistency.”.

11       (b) CONFORMING AMENDMENTS.—(1) Section  
12 701(b) of the Social Security Act (42 U.S.C. 901(b)) is  
13 amended by striking “title II” and inserting “part A of  
14 title II, the Social Security Guarantee Program under part  
15 B of title II,”.

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

22 **SEC. 103. BENEFIT INCREASES.**

23       (a) OLD-AGE INSURANCE BENEFITS AND OTHER  
24 BENEFITS UNDER SECTION 202.—Section 202 of the So-

1 cial Security Act (42 U.S.C. 402) is amended by adding  
2 at the end the following new subsection:

3 “Account Distribution Supplements

4 “(z) Each monthly insurance benefit under this sec-  
5 tion (after application of any reduction or deduction appli-  
6 cable under this section or under any other provision of  
7 this part) shall be increased by the amount of the account  
8 distribution supplement determined for such benefit under  
9 section 255.”.

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

13 “Account Distribution Supplements

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

19 **SEC. 104. TAX TREATMENT.**

20 (a) TAX TREATMENT OF SOCIAL SECURITY GUAR-  
21 ANTEE ACCOUNTS.—Section 7701 of the Internal Revenue  
22 Code of 1986 (relating to definitions) is amended by redес-  
23 ignating subsection (p) as subsection (q) and by inserting  
24 after subsection (o) the following new subsection:

1       “(p) TAX TREATMENT OF SOCIAL SECURITY GUAR-  
2 ANTEE ACCOUNTS.—All Social Security guarantee ac-  
3 counts established under part B of title II of the Social  
4 Security Act shall be exempt from taxation under this  
5 title.”.

6       (b) BENEFITS TAXABLE AS SOCIAL SECURITY BENE-  
7 FITS.—

8           (1) MONTHLY BENEFITS.—Section 86(d)(1)(A)  
9 of such Code (relating to definition of Social Secu-  
10 rity benefit) is amended to read as follows:

11                   “(A) a monthly benefit under part A of  
12 title II of the Social Security Act (including an  
13 account distribution supplement referred to in  
14 section 202(z) and 223(k) of such Act), or”.

15           (2) SPECIAL RULES RELATING TO LUMP SUM  
16 PAYMENT UNDER SECTION 256(c) OF SOCIAL SECU-  
17 RITY ACT.—

18                   (A) Section 86(a) of such Code is amended  
19 by adding at the end the following new para-  
20 graph:

21                   “(3) INCLUSION IN GROSS INCOME OF LUMP  
22 SUM PAYMENT UNDER SECTION 256(c) OF SOCIAL  
23 SECURITY ACT.—

24                           “(A) IN GENERAL.—A lump sum payment  
25 received under section 256(c) of the Social Se-

1           curity Act shall be includible in gross income in  
2           the amount provided by subparagraph (B).  
3           Such payment shall not be treated as a social  
4           security benefit for purposes of this section.

5           “(B) AMOUNT INCLUDED IN INCOME.—

6           The portion of such lump sum payment that is  
7           includible in gross income shall be equal to an  
8           amount which bears the same ratio to the total  
9           amount of such payment as the portion of so-  
10          cial security benefits included in gross income  
11          under paragraphs (1) and (2) bears to the total  
12          amount of such benefits.”.

13          (B) SPECIAL RULE RELATING TO NON-  
14          RESIDENT ALIEN INDIVIDUALS.—Section  
15          871(a)(3)(A) of such Code is amended by in-  
16          serting “and of any lump sum payment received  
17          under section 256(c) of the Social Security Act”  
18          after “section 86(d)”.

19          (C) TRANSFERS TO TRUST FUNDS.—

20                 (i) IN GENERAL.—Paragraph (1) of  
21                 section 121(e) of the Social Security  
22                 Amendments of 1983 (Public Law 98–21;  
23                 42 U.S.C. 401 note) is amended by adding  
24                 at the end the following new subparagraph:

1           “(C) There are hereby appropriated to each  
2 payor fund amounts equivalent to the aggregate in-  
3 crease in tax liabilities under chapter 1 of the Inter-  
4 nal Revenue Code of 1986 which is attributable to  
5 the application of section 86 and section 871(a)(3)  
6 of such Code to lump sum payments received under  
7 section 256(c) of the Social Security Act by individ-  
8 uals entitled to benefits payable from such payor  
9 fund.”.

10                           (ii) CONFORMING AMENDMENT.—Sec-  
11 tion 121(e)(2) of such Act is amended by  
12 striking “paragraph (1)(A)” and inserting  
13 “paragraphs (1)(A) and (C)”.

14           (3) SPECIAL RULES RELATING TO DISTRIBU-  
15 TION OF CLOSED ACCOUNT UNDER SECTION 256(f)  
16 OF SOCIAL SECURITY ACT.—Section 86(a) of such  
17 Code (as amended by paragraph (2)) is amended by  
18 adding at the end the following new paragraph:

19                           “(4) EXTENSION OF PARAGRAPH (2)(B) TO DIS-  
20 TRIBUTIONS OF CLOSED ACCOUNT UNDER SECTION  
21 256(f) OF SOCIAL SECURITY ACT.—Notwithstanding  
22 any other provision of this subsection, in the case of  
23 any amount received pursuant to the closing of an  
24 account under section 256(f) of the Social Security  
25 Act, paragraph (2)(B) shall apply to such amounts,

1 and for such purposes the amount allocated to the  
 2 investment in the contract shall be zero.”.

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

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

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

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

14 “For purposes of the tax imposed by section 2001,  
 15 the value of the taxable estate shall be determined by de-  
 16 ducting from the value of the gross estate an amount  
 17 equal to the value of the assets of a Social Security guar-  
 18 antee account transferred by the Secretary to the estate  
 19 of the decedent under section 256 of the Social Security  
 20 Act.”.

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

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

1           (3) **EFFECTIVE DATE.**—The amendments made  
2           by this subsection shall apply to decedents dying in  
3           or after the calendar year in which this Act is en-  
4           acted.

5 **SEC. 105. ANNUAL ACCOUNT STATEMENTS.**

6           Section 1143 of the Social Security Act (42 U.S.C.  
7           1320b–13) is amended by adding at the end the following  
8           new subsection:

9           “Performance of Social Security Guarantee Accounts

10          “(e) Beginning not later than 1 year after the date  
11          of the first deposit is made to an eligible individual’s So-  
12          cial Security guaranty account, each statement provided  
13          to such eligible individual under this section shall include  
14          information determined by the Social Security Guarantee  
15          Board as sufficient to fully inform such eligible individual  
16          annually of the balance, investment performance, and ad-  
17          ministrative expenses of such account.”.

18 **SEC. 106. PROTECTION OF SOCIAL SECURITY SURPLUSES.**

19          (a) **PROTECTION OF SOCIAL SECURITY SUR-**  
20 **PLUSES.**—Title III of the Congressional Budget Act of  
21 1974 is amended by adding at the end the following new  
22 section:

23          “**LOCK-BOX FOR SOCIAL SECURITY SURPLUSES**

24          “**SEC. 316. (a) LOCK-BOX FOR SOCIAL SECURITY**  
25 **SURPLUSES.**—



1           “(1) CONCURRENT RESOLUTIONS ON THE  
2 BUDGET.—It shall not be in order in the House of  
3 Representatives or the Senate to consider any con-  
4 current resolution on the budget, or an amendment  
5 thereto or conference report thereon, that would set  
6 forth a deficit for any fiscal year for which there is  
7 a projected net surplus in the Federal Old-Age and  
8 Survivors Insurance Trust Fund and the Federal  
9 Disability Insurance Trust Fund which is attrib-  
10 utable to the Social Security Guarantee Program  
11 under part B of title II of the Social Security Act.

12           “(2) SPENDING AND TAX LEGISLATION.—It  
13 shall not be in order in the House of Representatives  
14 or the Senate to consider any bill, joint resolution,  
15 amendment, motion, or conference report if—

16                   “(A) the enactment of that bill or resolu-  
17 tion, as reported;

18                   “(B) the adoption and enactment of that  
19 amendment; or

20                   “(C) the enactment of that bill or resolu-  
21 tion in the form recommended in that con-  
22 ference report,

23 would cause a deficit for any fiscal year for which  
24 there is a projected net surplus in the Federal Old-  
25 Age and Survivors Insurance Trust Fund and the

1 Federal Disability Insurance Trust Fund attrib-  
2 utable to the Social Security Guarantee Program  
3 under part B of title II of the Social Security Act.

4 “(b) ENFORCEMENT.—

5 “(1) BUDGETARY LEVELS WITH RESPECT TO  
6 CONCURRENT RESOLUTIONS ON THE BUDGET.—For  
7 purposes of enforcing any point of order under sub-  
8 section (a)(1), the extent to which there is a deficit  
9 for any fiscal year shall be determined on the basis  
10 of budgetary aggregates set forth in the later of the  
11 concurrent resolution on the budget, as reported, or  
12 in the conference report on the concurrent resolution  
13 on the budget, adjusted to the maximum extent al-  
14 lowable under all procedures that allow budgetary  
15 aggregates to be adjusted for legislation that would  
16 cause a decrease in any surplus or an increase in  
17 any deficit for any fiscal year covered by the concur-  
18 rent resolution on the budget (other than procedures  
19 described in paragraph (2)(A)(ii)).

20 “(2) CURRENT LEVELS WITH RESPECT TO  
21 SPENDING AND TAX LEGISLATION.—

22 “(A) IN GENERAL.—For purposes of en-  
23 forcing subsection (a)(2), the extent to which  
24 there is a deficit for any fiscal year shall be—

1                   “(i) calculated using the following as-  
2                   sumptions—

3                   “(I) direct spending and revenue  
4                   levels at the baseline levels underlying  
5                   the most recently agreed to concu-  
6                   rent resolution on the budget; and

7                   “(II) for the budget year, discre-  
8                   tionary spending levels at current law  
9                   levels and, for outyears, discretionary  
10                  spending levels at the baseline levels  
11                  underlying the most recently agreed to  
12                  concurrent resolution on the budget;  
13                  and

14                  “(ii) adjusted for changes in the sur-  
15                  plus or deficit levels set forth in the most  
16                  recently agreed to concurrent resolution on  
17                  the budget pursuant to procedures in such  
18                  resolution that authorize adjustments in  
19                  budgetary aggregates for updated economic  
20                  and technical assumptions in the mid-ses-  
21                  sion report of the Director of the Congres-  
22                  sional Budget Office.

23                  Such revisions shall be included in the first cur-  
24                  rent level report on the congressional budget  
25                  submitted for publication in the Congressional



1       fined in section 216(l))” and inserting “the age of  
2       62”;

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

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

9           (5) in subsection (j)—

10           (A) in the heading, by striking “retirement  
11       age” and inserting “Age 62”; and

12           (B) by striking “retirement age (as defined  
13       in section 216(l))” and inserting “the age of  
14       62”.

15       (b) CONFORMING AMENDMENTS ELIMINATING THE  
16       SPECIAL EXEMPT AMOUNT FOR YEAR OF ATTAINING RE-  
17       TIREMENT AGE.—

18           (1) UNIFORM EXEMPT AMOUNT.—Section  
19       203(f)(8)(A) of such Act (42 U.S.C. 403(f)(8)(A)) is  
20       amended by striking “the new exempt amounts (sep-  
21       arately stated for individuals described in subpara-  
22       graph (D) and for other individuals) which are to be  
23       applicable” and inserting “a new exempt amount  
24       which shall be applicable”.

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

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

9           (B) in clause (i), by striking “cor-  
10          responding”;

11          (C) in clause (ii)—

12           (i) by striking “the product” and all  
13           that follows through “other individuals),  
14           and” and inserting “the product derived by  
15           multiplying the exempt amount which is in  
16           effect with respect to months in the tax-  
17           able year ending after 1993 and before  
18           1995, by”; and

19           (ii) by striking subclause (II) and in-  
20           serting the following:

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

23          (D) in the last sentence, by striking “an  
24          exempt amount” and inserting “the exempt  
25          amount”.

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

5 (c) ADDITIONAL CONFORMING AMENDMENTS.—

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

8           (A) in subsection (b)(1)—

9                   (i) by striking “(b)(1) Deductions”  
10 and inserting “(b) Deductions”;

11                   (ii) by striking “and from any pay-  
12 ment or payments to which any other per-  
13 sons are entitled on the basis of such indi-  
14 vidual’s wages and self-employment in-  
15 come,”;

16                   (iii) by striking “until the total” and  
17 all that follows through “if for such  
18 month” and inserting the following: “until  
19 the total of such deductions equals such in-  
20 dividual’s benefit or benefits under section  
21 202 for any month, if for such month”;

22                   (iv) by striking “total of benefits re-  
23 ferred to in clauses (A) and (B)” and in-  
24 serting “the total of such benefits”; and

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

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

4 (C) by striking subsection (d);

5 (D) in subsection (f)(1), by striking “The  
6 amount of” and all that follows through “Not-  
7 withstanding” and inserting the following: “The  
8 amount of an individual’s excess earnings (as  
9 defined in paragraph (3)) shall be charged to  
10 months as follows: There shall be charged to  
11 the first month of such taxable year an amount  
12 of his excess earnings equal to the payment to  
13 which he is entitled for such month under sec-  
14 tion 202 (or the total of his excess earnings if  
15 such excess earnings are less than such pay-  
16 ment), and the balance, if any, of such excess  
17 earnings shall be charged to each succeeding  
18 month in such year to the extent, in the case  
19 of each such month, of the payment to which  
20 such individual is entitled for such month under  
21 section 202, until the total of such excess has  
22 been so charged. Notwithstanding”;

23 (E) in subsection (f)(3), by striking “33 $\frac{1}{3}$   
24 percent” and all that follows through “other in-  
25 dividual,” and inserting “50 percent of such in-



1           dividual’s earnings for such year in excess of  
2           the product of the exempt amount as deter-  
3           mined under paragraph (8),”;

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

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

6                   (H) in subsection (h)(1)(A)(ii), by striking  
7           subclauses (I), (II), and (III) and inserting the  
8           following:

9                   “(I) such individual’s benefits under sec-  
10          tion 202 are reduced under subsection (a) of  
11          this section for any month in such taxable year,  
12          and

13                   “(II) in any such month there is another  
14          person who also is entitled to benefits under  
15          subsection (b), (c), (d), (e), (f), (g), or (h) of  
16          section 202 on the basis of the same wages and  
17          self-employment income and who does not live  
18          in the same household as such individual.”.

19                   (2) The second sentence of section 223(d)(4) of  
20          such Act (42 U.S.C. 423(d)(4)) is amended by strik-  
21          ing “if section 102 of the Senior Citizens’ Right to  
22          Work Act of 1996 had not been enacted” and insert-  
23          ing the following: if the amendments to section 203  
24          made by section 102 of the Senior Citizens’ Right to  
25          Work Act of 1996 and by section 201 of the Social

1 Security Guarantee Plus Act of 2007 had not been  
2 enacted.

3 (d) EFFECTIVE DATE AND TRANSITIONAL RULE.—

4 (1) EFFECTIVE DATE.—The amendments and  
5 repeals made by this section shall apply with respect  
6 to taxable years ending after December 31, 2012.

7 (2) TRANSITIONAL RULE.—Notwithstanding  
8 paragraph (8) of section 203(f) of the Social Secu-  
9 rity Act (42 U.S.C. 403(f)(8)), the exempt amount  
10 which is applicable, for purposes of such section  
11 203(f), to an individual who is entitled to monthly  
12 insurance benefits under section 202 of such Act but  
13 who has not attained retirement age (as defined in  
14 section 216(l) of such Act) before the close of the  
15 taxable year involved shall be—

16 (A) for each month of any taxable year  
17 ending after 2007 and before 2009, \$1,250.00,

18 (B) for each month of any taxable year  
19 ending after 2008 and before 2010,  
20 \$1,666.66<sup>2</sup>/<sub>3</sub>,

21 (C) for each month of any taxable year  
22 ending after 2009 and before 2011,  
23 \$2,083.33<sup>1</sup>/<sub>3</sub>,

1 (D) for each month of any taxable year  
2 ending after 2010 and before 2012, \$2,500.00,  
3 and

4 (E) for each month of any taxable year  
5 ending after 2011 and before 2013,  
6 \$2,916.66<sup>2</sup>/<sub>3</sub>.

7 **SEC. 202. INCREASE IN WIDOW'S AND WIDOWER'S INSUR-**  
8 **ANCE BENEFITS.**

9 (a) WIDOW'S INSURANCE BENEFITS.—Section  
10 202(e) of the Social Security Act (42 U.S.C. 402(e)) is  
11 amended by adding at the end the following new para-  
12 graph:

13 “(9)(A) In any case in which the amount of a widow's  
14 insurance benefit (as determined under the preceding  
15 paragraphs of this subsection) for the entitlement month  
16 of the widow (or surviving divorced wife) is less than the  
17 minimum benefit amount for such month determined  
18 under subparagraph (C), the amount of such benefit for  
19 such month and each succeeding month shall be increased  
20 to such minimum benefit amount (or the amount most re-  
21 cently established in lieu thereof under section 215(i)).

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

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

5               “(i) 75 percent of the sum of—

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

9                       “(II) the imputed survivor benefit for such  
10 month, as determined under subparagraph (F),  
11 or

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

14       “(D)(i) For purposes of subparagraph (C)(i)(I), if the  
15 deceased individual died in a month for which he was not  
16 entitled to any benefit under this title based on his wages  
17 or self-employment income or the wages and self-employ-  
18 ment income of the widow (or surviving divorced wife), the  
19 imputed deceased individual’s benefit for the entitlement  
20 month of the widow (or surviving divorced wife) is the sum  
21 of—

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

1           “(II) the imputed husband’s insurance benefit  
2           (determined under clause (iii)) of the deceased indi-  
3           vidual for her entitlement month (if any).

4           “(ii) The amount of the imputed old-age insurance  
5           benefit of the deceased individual for the entitlement  
6           month of the widow (or surviving divorced wife) is the  
7           amount of the old-age insurance benefit to which he would  
8           have been entitled for such month—

9           “(I) determined, in the case of such a deceased  
10          individual who had attained age 62 as of the date  
11          of his death, as if he had applied for such benefit  
12          in the month of his death and had survived through-  
13          out the subsequent period ending with her entitle-  
14          ment month, or

15          “(II) determined, in the case of such a deceased  
16          individual who died before attaining age 62 but  
17          would have attained age 62 before the end of her en-  
18          titlement month, as if he had survived throughout  
19          the subsequent period ending with her entitlement  
20          month, and had applied for such benefit during the  
21          first month for which he would have been eligible for  
22          such benefit (assuming a primary insurance amount  
23          for the deceased individual determined under para-  
24          graph (2)(B) of this subsection).

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

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

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

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

9 In any case in which the deceased individual died before  
10 he attained age 62 and would not have attained age 62  
11 before the end of the entitlement month of the widow (or  
12 surviving divorced spouse), the deceased individual’s im-  
13 puted husband’s insurance benefit shall be deemed to be  
14 zero.

15           “(E)(i) For purposes of subparagraph (C), if the de-  
16 ceased individual died during a month for which he other-  
17 wise would have been entitled (but for his death) to an  
18 old-age insurance benefit under subsection (a) or a dis-  
19 ability insurance benefit under section 223, or to a hus-  
20 band’s insurance benefit under subsection (c) based on the  
21 wages and self-employment income of the widow (or sur-  
22 viving divorced wife), the imputed deceased individual’s  
23 benefit for the entitlement month of the widow (or sur-  
24 viving divorced wife) is the sum of—

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

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

15          “(ii) If the deceased individual otherwise would have  
16          been entitled (but for his death) to a disability insurance  
17          benefit under section 223 for the month in which he died,  
18          the amount determined under clause (i) shall be deter-  
19          mined as if he had survived throughout the period com-  
20          mencing with the month of his death and ending with the  
21          entitlement month of the widow (or surviving divorced  
22          wife) and he had remained entitled to disability insurance  
23          benefits throughout such period (or until becoming enti-  
24          tled to old-age insurance benefits under subsection (a)  
25          during such period).



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

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

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

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

19 “(ii) In the case of a widow (or surviving di-  
20 vorced wife) who is not described in clause (i) but  
21 has attained (or would attain) age 62 as of the end  
22 of her entitlement month, the amount of her im-  
23 puted survivor benefit is the sum of—

24 “(I) the amount of the old-age insurance  
25 benefit under subsection (a) to which she would

1 be entitled for such month if she filed applica-  
2 tion for such benefit during such month, and

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

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

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

1           “(i) such theoretical individual’s primary insur-  
2           ance amount for the first month of entitlement were  
3           equal to the average of the primary insurance  
4           amounts upon which old-age insurance benefits  
5           under subsection (a) are payable for—

6                   “(I) in any case in which the entitlement  
7                   month of the widow (or surviving divorced wife)  
8                   is the month of December, such month, or

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

11                  “(ii) such first month of such theoretical indi-  
12                  vidual’s entitlement to such old-age insurance ben-  
13                  efit were the entitlement month of the widow (or  
14                  surviving divorced spouse), and

15                  “(iii) the month in which the theoretical indi-  
16                  vidual attained or would attain retirement age (as  
17                  defined in section 216(l)) were the month in which  
18                  the widow (or surviving divorced wife) attained or  
19                  would attain retirement age (as so defined).

20                  “(H) If, in determining the amount of the benefit  
21                  under this section pursuant to this paragraph, the im-  
22                  puted old-age insurance benefit or imputed husband’s in-  
23                  surance benefit of the deceased individual was deemed to  
24                  be zero pursuant to the last sentence of clause (ii) or (iii)  
25                  of subparagraph (D), or the imputed survivor benefit of

1 the widow (or surviving divorced wife) was deemed to be  
2 zero pursuant to the last sentence of subparagraph (F),  
3 effective for any month after the entitlement month of the  
4 widow (or surviving divorced wife) in which the deceased  
5 individual would have attained age 62 or she attains age  
6 62, the Commissioner shall recompute the amount of the  
7 benefit under this paragraph by substituting a reference  
8 to such later month for each reference in the preceding  
9 provisions of this paragraph to her entitlement month.

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

15       “(ii) Any reference in this paragraph to the imputed  
16 old-age insurance benefit or imputed husband’s insurance  
17 benefit described in subparagraph (D), the old-age insur-  
18 ance benefit, disability insurance benefit, or husband’s in-  
19 surance benefit described in subparagraph (E), or the old-  
20 age insurance benefit, disability insurance benefit, or  
21 wife’s insurance benefit described in subparagraph (F)  
22 shall be deemed a reference to such benefit, taking into  
23 account applicable reductions under this section but dis-  
24 regarding reductions or deductions otherwise applicable  
25 under this title.

1       “(iii) A widow’s insurance benefit which has been in-  
2       creased under this paragraph shall be subject to all reduc-  
3       tions and deductions otherwise applicable to widow’s in-  
4       surance benefits under this title, except that such benefit  
5       shall not be subject to any reduction otherwise applicable  
6       under subsection (q)(1).”.

7       (b) WIDOWER’S INSURANCE BENEFITS.—Section  
8       202(f) of such Act (42 U.S.C. 402(f)) is amended by add-  
9       ing at the end the following new paragraph:

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

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

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

5               “(i) 75 percent of the sum of—

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

9                       “(II) the imputed survivor benefit for such  
10 month, as determined under subparagraph (F),  
11 or

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

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

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

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

4           “(ii) The amount of the imputed old-age insurance  
5           benefit of the deceased individual for the entitlement  
6           month of the widower (or surviving divorced husband) is  
7           the amount of the old-age insurance benefit to which she  
8           would have been entitled for such month—

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

15          “(II) determined, in the case of such a deceased  
16          individual who died before attaining age 62 but  
17          would have attained age 62 before the end of his en-  
18          titlement month, as if she had survived throughout  
19          the subsequent period ending with his entitlement  
20          month, and had applied for such benefit during the  
21          first month for which she would have been eligible  
22          for such benefit (assuming a primary insurance  
23          amount for the deceased individual determined  
24          under paragraph (2)(B) of this subsection).

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

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

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



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

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

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

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

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

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

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

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

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

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

19 “(ii) In the case of a widower (or surviving di-  
20 vorced husband) who is not described in clause (i)  
21 but has attained (or would attain) age 62 as of the  
22 end of his entitlement month, the amount of his im-  
23 puted survivor benefit is the sum of—

24 “(I) the amount of the old-age insurance  
25 benefit under subsection (a) to which he would

1 be entitled for such month if he filed applica-  
2 tion for such benefit during such month, and

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

17 In any case in which the widower (or surviving divorced  
18 husband) would not attain age 62 before the end of his  
19 entitlement month, his imputed survivor benefit shall be  
20 deemed to be zero.

21 “(G) The increased benefit cap determined under this  
22 subparagraph for the entitlement month of the widower  
23 (or surviving divorced husband) is the amount which  
24 would be the amount of a theoretical individual’s old-age

1 insurance benefit under subsection (a) (reduced as pro-  
2 vided in subsection (q)) if—

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

8                   “(I) in any case in which the entitlement  
9                   month of the widower (or surviving divorced  
10                  husband) is the month of December, such  
11                  month, or

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

14           “(ii) such first month of such theoretical indi-  
15           vidual’s entitlement to such old-age insurance ben-  
16           efit were the entitlement month of the widower (or  
17           surviving divorced husband), and

18           “(iii) the month in which the theoretical indi-  
19           vidual attained or would attain retirement age (as  
20           defined in section 216(l)) were the month in which  
21           the widower (or surviving divorced husband) at-  
22           tained or would attain retirement age (as so de-  
23           fined).

24           “(H) If, in determining the amount of the benefit  
25           under this section pursuant to this paragraph, the im-

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

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

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

1 insurance benefit described in subparagraph (F) shall be  
2 deemed a reference to such benefit, taking into account  
3 applicable reductions under this section but disregarding  
4 reductions or deductions otherwise applicable under this  
5 title.

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

12 (c) COST-OF-LIVING ADJUSTMENTS TO GUARANTEED  
13 WIDOW’S AND WIDOWER’S INSURANCE BENEFITS.—Sec-  
14 tion 215(i)(2)(A)(ii) of such Act (42 U.S.C.  
15 415(i)(2)(A)(ii)) is amended—

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

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

20 (3) by adding at the end the following new sub-  
21 clause:

22 “(IV) the benefit amount to which an individual  
23 is entitled for that month under subsection (e) or (f)  
24 of section 202 if such benefit amount has been in-

1        creased under paragraph (9) of such subsection.”;  
2        and

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

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

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

12        (a) ELIGIBILITY FOR WIDOW’S INSURANCE BENE-  
13 FITS.—Section 202(e)(1)(B)(ii) of the Social Security Act  
14 (42 U.S.C. 402(e)(1)(B)(ii)) is amended by striking “has  
15 attained age 50 but has not attained age 60 and”.

16        (b) ELIGIBILITY FOR WIDOWER’S INSURANCE BENE-  
17 FITS.—Section 202(f)(1)(B)(ii) of such Act (42 U.S.C.  
18 402(f)(1)(B)(ii)) is amended by striking “has attained age  
19 50 but has not attained age 60 and”.

20        (c) CONFORMING AMENDMENT.—Section  
21 202(q)(3)(A) of such Act (42 U.S.C. 402(q)(3)(A)) is  
22 amended by striking “If the first month” and all that fol-  
23 lows through “widow’s or widower’s insurance benefit)”  
24 and inserting “If the first month for which an individual  
25 both is entitled to a wife’s or husband’s insurance benefit



1 and has attained age 62 or for which an individual is enti-  
2 tled to a widow's or widower's insurance benefit''.

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

9 **SEC. 204. REPEAL OF 7-YEAR RESTRICTION ON ELIGIBILITY**  
10 **FOR WIDOW'S AND WIDOWER'S INSURANCE**  
11 **BENEFITS BASED ON DISABILITY.**

12 (a) **WIDOW'S INSURANCE BENEFITS.**—

13 (1) **IN GENERAL.**—Section 202(e) of the Social  
14 Security Act (as amended by section 202(a) of this  
15 Act) is further amended—

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

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

22 (C) by striking paragraph (4) and by re-  
23 designating paragraphs (5) through (9) as  
24 paragraphs (4) through (8), respectively; and

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

6 (2) CONFORMING AMENDMENTS.—

7 (A) Section 202(e)(1)(F)(i) of such Act  
8 (42 U.S.C. 402(e)(1)(F)(i)) is amended by  
9 striking “paragraph (5)” and inserting “para-  
10 graph (4)”.

11 (B) Section 202(e)(1)(C)(ii)(III) of such  
12 Act (42 U.S.C. 402(e)(2)(C)(ii)(III)) is amend-  
13 ed by striking “paragraph (8)” and inserting  
14 “paragraph (6)”.

15 (C) Section 226(e)(1)(A)(i) of such Act  
16 (42 U.S.C. 426(e)(1)(A)(i)) is amended by  
17 striking “202(e)(4),”.

18 (b) WIDOWER’S INSURANCE BENEFITS.—

19 (1) IN GENERAL.—Section 202(f) of such Act  
20 (as amended by section 202(b) of this Act) is fur-  
21 ther amended—

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

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

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

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

12 (2) CONFORMING AMENDMENTS.—

13 (A) Section 202(f)(1)(F)(i) of such Act (42  
14 U.S.C. 402(f)(1)(F)(i)) is amended by striking  
15 “paragraph (5)” and inserting “paragraph  
16 (4)”.

17 (B) Section 202(f)(1)(C)(ii)(III) of such  
18 Act (42 U.S.C. 402(f)(2)(C)(ii)(III)) is amend-  
19 ed by striking “paragraph (8)” and inserting  
20 “paragraph (6)”.

21 (C) Section 226(e)(1)(A)(i) of such Act (as  
22 amended by subsection (a)(2)) is further  
23 amended by striking “202(f)(1)(B)(ii), and  
24 202(f)(4)” and inserting “and  
25 202(f)(1)(B)(ii)”.

1 (c) CONFORMING AMENDMENT.—Section  
2 215(i)(2)(A)(ii)(IV) of such Act (as added by section  
3 202(c)(3) of this Act) is amended by striking “paragraph  
4 (9)” and inserting “paragraph (8)”.

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

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

13 (a) WIFE’S INSURANCE BENEFITS.—Section  
14 202(b)(4)(A) of the Social Security Act (42 U.S.C.  
15 402(b)(4)(A)) is amended by adding at the end the fol-  
16 lowing new sentence: “The criterion for entitlement under  
17 clause (ii) shall be deemed met upon the remarriage of  
18 the insured individual to someone other than the applicant  
19 during the 2-year period referred to in such clause.”.

20 (b) HUSBAND’S INSURANCE BENEFITS.—Section  
21 202(c)(4)(A) of such Act (42 U.S.C. 402(c)(4)(A)) is  
22 amended by adding at the end the following new sentence:  
23 “The criterion for entitlement under clause (ii) shall be  
24 deemed met upon the remarriage of the insured individual

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

4 (a) **IN GENERAL.**—Section 202(k)(5)(A) of the Social  
5 Security Act (42 U.S.C. 402(k)(5)(A)) is amended by  
6 striking “two-thirds” and inserting “one-third”.

7 (b) **EFFECTIVE DATE.**—The amendment made by  
8 this section shall apply with respect to benefits for months  
9 after November of the calendar year in which this Act is  
10 enacted.

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