

110TH CONGRESS
1ST SESSION

H. R. 3696

To exclude the first \$75,000 of the value of retirement plans (adjusted annually for cost of living) in determining eligibility for, and the amount of benefits under, the supplemental security income program.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2007

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

A BILL

To exclude the first \$75,000 of the value of retirement plans (adjusted annually for cost of living) in determining eligibility for, and the amount of benefits under, the supplemental security income program.

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

3 **SECTION 1. FINDINGS AND STATEMENT OF PURPOSE.**

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

5 (1) The Supplemental Security Income program
6 provides essential income security to more than
7 4,000,000 working-age adult Americans, most of
8 whom are disabled.

1 (2) Eligibility for the Supplemental Security In-
2 come program requires the applicant to have very
3 few assets that are available for the individual's use.
4 However, certain necessary assets, such as the per-
5 son's primary residence, and certain government
6 benefits, such as the Earned Income Tax Credit, are
7 excluded from the asset test.

8 (3) The value of a traditional defined benefit
9 plan that will eventually provide the former worker
10 with periodic payments does not count against the
11 asset limit for the Supplemental Security Income
12 program, allowing a person who becomes disabled to
13 qualify for Supplemental Security Income and Med-
14 icaid benefits while maintaining the right to receive
15 a pension at retirement age.

16 (4) Americans are increasingly dependent on
17 defined contribution plans such as 401(k) and indi-
18 vidual retirement accounts to provide for retirement
19 security. Assets saved in such plans count against a
20 person's eligibility for Supplemental Security Income
21 benefits.

22 (5) Persons with disabilities are thus discour-
23 aged from accumulating any retirement savings dur-
24 ing periods of time when they are able to work, be-
25 cause if their medical condition deteriorates or they

1 otherwise lose their job, they will have to liquidate
2 their retirement accounts and pay penalties in order
3 to qualify for Supplemental Security Income and
4 Medicaid benefits.

5 (6) The current treatment of retirement assets
6 discourages savings and work for disabled persons.

7 (b) STATEMENT OF PURPOSE.—The purpose of this
8 Act is to encourage retirement savings for all and promote
9 work and self-sufficiency for persons with disabilities by
10 disregarding up to \$75,000 in retirement accounts when
11 determining eligibility for benefits under the Supplemental
12 Security Income program.

13 **SEC. 2. EXCLUSION OF LIMITED VALUE OF RETIREMENT**
14 **PLANS UNDER THE SSI PROGRAM.**

15 (a) RESOURCE EXCLUSION.—

16 (1) IN GENERAL.—Section 1613(a) of the So-
17 cial Security Act (42 U.S.C. 1382b(a)) is amend-
18 ed—

19 (A) by striking “and” at the end of para-
20 graph (14);

21 (B) by striking the period at the end of
22 paragraph (15) and inserting “; and”; and

23 (C) by inserting after paragraph (15) the
24 following:

1 “(16) the value of any plan, contract, or ac-
2 count, described in section 401(a), 403(a), 403(b),
3 408, 408A, 457(b), or 501(c)(18) of the Internal
4 Revenue Code of 1986, established for the benefit of
5 the individual, to the extent the aggregate value of
6 all such plans, contracts, and accounts so established
7 does not exceed \$75,000 (in the case of calendar
8 years prior to 2009) and the amount determined
9 under section 1617(d) for the calendar year (in the
10 case of calendar years after 2008).”.

11 (2) ANNUAL COST OF LIVING ADJUSTMENT.—
12 Section 1617 of such Act (42 U.S.C. 1382f) is
13 amended by adding at the end the following new
14 subsection:

15 “(d)(1) The Commissioner of Social Security shall,
16 on or before November 1 of 2008 and every calendar year
17 thereafter, determine and publish in the Federal Register
18 a dollar amount for purposes of section 1613(a)(16) for
19 the succeeding calendar year. The amount determined
20 under this subsection shall be the amount in effect in the
21 calendar year in which the determination is made or, if
22 larger, the product of—

23 “(A) \$75,000, and

24 “(B) the ratio of—

1 “(i) the Consumer Price Index for the cal-
2 endar year before the calendar year in which
3 the determination is made to

4 “(ii) the Consumer Price Index for 2007,
5 with such product, if not a multiple of \$100, being round-
6 ed to the next higher multiple of \$100 where such product
7 is a multiple of \$50 but not of \$100 and the nearest mul-
8 tiple of \$100 in any other case.

9 “(2) For purposes of this subsection, the term ‘Con-
10 sumer Price Index’ for any year means the arithmetical
11 mean of the Consumer Price Index for Urban Wage Earn-
12 ers and Clerical Workers (CPI-W) issued by the Bureau
13 of Labor Statistics of the Department of Labor for the
14 12 months in such year.”.

15 (b) INCOME EXCLUSION.—Section 1612(b) of such
16 Act (42 U.S.C. 1382a(b)) is amended—

17 (1) by striking “and” at the end of paragraph
18 (22);

19 (2) by striking the period at the end of para-
20 graph (23) and inserting “; and”; and

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

22 “(24) the interest or other earnings on the re-
23 sources of the individual that are excluded by reason
24 of section 1613(a)(16).”.

1 (c) NO REQUIREMENT TO ACCELERATE RETIRE-
2 MENT PAYMENTS.—Section 1611(e)(2) of such Act (42
3 U.S.C. 1382(e)(2)) is amended by inserting “(except, in
4 the case of a person who has not attained 65 years of
5 age, payments from a plan, contract, or account referred
6 to in section 1613(a)(16))” after “1612(a)(2)(B)”.

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to benefits for calendar months
9 beginning after the date of the enactment of this Act.

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