

111TH CONGRESS
1ST SESSION

S. 426

To amend title II of the Social Security Act to provide for progressive indexing and longevity indexing of Social Security old-age insurance benefits for newly retired and aged surviving spouses to ensure the future solvency of the Social Security program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 12, 2009

Mr. BENNETT introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title II of the Social Security Act to provide for progressive indexing and longevity indexing of Social Security old-age insurance benefits for newly retired and aged surviving spouses to ensure the future solvency of the Social Security program, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Social Security Sol-
5 vency Act of 2009”.

1 **SEC. 2. PROGRESSIVE INDEXING OF BENEFITS FOR OLD-**
 2 **AGE INSURANCE BENEFITS.**

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

5 (1) by striking “The” in paragraph (1)(A) and
 6 inserting “With respect to any benefit other than an
 7 applicable benefit to which paragraph (2) applies,
 8 the”, and

9 (2) by redesignating paragraphs (2) through
 10 (7) as paragraphs (3) through (8), respectively, and
 11 by inserting after paragraph (1) the following new
 12 paragraph:

13 “(2)(A) In the case of an applicable benefit with re-
 14 spect to any individual who initially becomes eligible for
 15 old-age insurance benefits or who dies (before becoming
 16 eligible for such benefits) in calendar year 2012 or later,
 17 the primary insurance amount of the individual shall be
 18 equal to the sum of—

19 “(i) 90 percent of the individual’s average in-
 20 dexed monthly earning (determined under subsection
 21 (b)) to the extent that such earnings do not exceed
 22 the amount established for purposes of paragraph
 23 (1)(A)(i) by paragraph (1)(B);

24 “(ii) 32 percent of the individual’s average in-
 25 dexed monthly earnings to the extent that such
 26 earnings exceed the amount established for purposes

1 of paragraph (1)(A)(i) by paragraph (1)(B) but do
2 not exceed the amount established for purposes of
3 this clause by subparagraph (B);

4 “(iii) 32 percent (reduced as provided in sub-
5 paragraph (C)) of the individual’s average indexed
6 monthly earnings to the extent that such earnings
7 exceed the amount established for purposes of clause
8 (ii) but do not exceed the amount established for
9 purposes of paragraph (1)(A)(ii) by paragraph
10 (1)(B); and

11 “(iv) 15 percent (reduced as provided in sub-
12 paragraph (C)) of the individual’s average indexed
13 monthly earnings to the extent that such earnings
14 exceed the amount established for purposes of para-
15 graph (1)(A)(ii) by paragraph (1)(B).

16 “(B)(i) For purposes of subparagraph (A)(ii), the
17 amount established under this subparagraph for calendar
18 year 2012 shall be the level of average indexed monthly
19 earnings determined by the Chief Actuary of the Social
20 Security Administration under clause (ii) as being at the
21 30th percentile for the period of calendar years 2001
22 through 2003.

23 “(ii) For purposes of clause (i), the average indexed
24 monthly earnings for the period of calendar years 2001
25 through 2003 shall be determined by—

1 “(I) determining the average indexed monthly
 2 earnings for each individual who initially became eli-
 3 gible for old-age insurance benefits or who died (be-
 4 fore becoming eligible for such benefits) during such
 5 period, except that in determining such average in-
 6 dexed monthly earnings under subsection (b), sub-
 7 section (b)(3)(A)(ii)(I) shall be applied by sub-
 8 stituting calendar year 2000 for the second calendar
 9 year described in such subsection; and

10 “(II) multiplying the amount determined for
 11 each individual under subclause (I) by the quotient
 12 obtained by dividing the national average wage index
 13 (as defined in section 209(k)(1)) for the calendar
 14 year 2010 by such index for the calendar year 2000.

15 “(iii) For purposes of subparagraph (A)(ii), the
 16 amount established under this subparagraph for any cal-
 17 endar year after 2012 shall be equal to the product of
 18 the amount in effect under clause (i) with respect to cal-
 19 endar year 2012 and the quotient obtained by dividing—

20 “(I) the national average wage index (as de-
 21 fined in section 209(k)(1)) for the second calendar
 22 year preceding the calendar year for which the de-
 23 termination is being made, by

24 “(II) the national average wage index (as so de-
 25 fined) for 2010.

1 “(iv) The amount established under this subpara-
 2 graph for any calendar year shall be rounded to the near-
 3 est \$1, except that any amount so established which is
 4 a multiple of \$0.50 but not of \$1 shall be rounded to the
 5 next higher \$1.

6 “(C)(i) Except as provided in clause (ii), in the case
 7 of any calendar year after 2011, each of the percentages
 8 to which this subparagraph applies by reason of clauses
 9 (iii) or (iv) of subparagraph (A) shall be a percentage
 10 equal to such percentage multiplied by the quotient ob-
 11 tained by dividing—

12 “(I) the difference of the maximum CPI-in-
 13 dexed benefit amount for such year over the amount
 14 determined under this paragraph for an individual
 15 whose average indexed monthly earnings are equal
 16 to the amount established for purposes of subpara-
 17 graph (A)(ii) for such year, by

18 “(II) the difference of the maximum wage-in-
 19 dexed benefit amount for such year over the amount
 20 determined under this paragraph for an individual
 21 whose average indexed monthly earnings are equal
 22 to the amount established for purposes of subpara-
 23 graph (A)(ii) for such year.

24 “(ii)(I) In the case of any calendar year which is a
 25 positive balance year, clause (i) shall not apply and each

1 of the percentages to which this subparagraph applies by
 2 reason of clause (iii) or (iv) of subparagraph (B) shall be
 3 a percentage equal to the percentage determined under
 4 this subparagraph for the preceding year (determined
 5 after the application of this subparagraph).

6 “(II) In the case of any calendar year after a positive
 7 balance year which is not a positive balance year, this sub-
 8 paragraph shall be applied by substituting ‘the second cal-
 9 endar year preceding the most recent positive balance
 10 year’ for ‘2009’ each place it appears in clause (iv).

11 “(iii) For purposes of clause (i), the maximum wage-
 12 indexed benefit amount for any calendar year shall be
 13 equal to the amount determined under this paragraph (de-
 14 termined without regard to any reduction under this sub-
 15 paragraph) for an individual with wages paid in and self-
 16 employment income credited to each computation base
 17 year in an amount equal to the contribution and benefit
 18 base for each calendar year.

19 “(iv) For purposes of clause (i), the maximum CPI-
 20 indexed benefit amount for any calendar year shall be an
 21 amount equal to the amount determined under clause (iii)
 22 for such year multiplied by a fraction—

23 “(I) the numerator of which is the ratio (round-
 24 ed to the nearest one-thousandth of 1 percent) of

1 the Consumer Price Index for the second preceding
 2 year to such index for 2009; and

3 “(II) the denominator of which is the ratio
 4 (rounded to the nearest one-thousandth of 1 per-
 5 cent) of the national wage index (as defined in sec-
 6 tion 209(k)(1)) for the second year preceding such
 7 year to such index for 2009.

8 “(v)(I) For purposes of clause (i), a positive balance
 9 year is a calendar year following any calendar year after
 10 2050 for which the Chief Actuary of the Social Security
 11 Administration certifies to the Secretary of the Treasury
 12 and the Congress that the combined balance ratio of the
 13 Federal Old-Age and Survivors Trust Fund and the Fed-
 14 eral Disability Insurance Trust Fund is not less than 100
 15 percent for such year.

16 “(II) For purposes of subclause (I), the combined
 17 balance ratio of the Federal Old-Age and Survivors Trust
 18 Fund and the Federal Disability Insurance Trust Fund
 19 for any calendar year is the ratio of the combined balance
 20 of such Trust Funds as of the last day of such calendar
 21 year (reduced by any transfer made pursuant to section
 22 201(o) in such calendar year) to the amount estimated
 23 by the Commissioner of Social Security under section
 24 201(l)(3)(B)(iii)(II) to be paid from such Trust Funds
 25 during the calendar year following such calendar year for

1 all purposes authorized by section 201 (determined as if
2 such following calendar year were a positive balance year).

3 “(D) For purposes of this paragraph, rules similar
4 to the rules of subparagraphs (C) and (D) of paragraph
5 (1) shall apply.

6 “(E) For purposes of this paragraph, the term ‘appli-
7 cable benefit’ means any benefit under section 202 other
8 than—

9 “(i) a child’s insurance benefit under section
10 202(d) with respect to a child of an individual who
11 has died;

12 “(ii) a widow’s insurance benefit under section
13 202(e) with respect to a widow who has not attained
14 age 60 and is under a disability (as defined in sec-
15 tion 223(d)) which began before the end of the pe-
16 riod specified in section 202(e)(4);

17 “(iii) a widower’s insurance benefit under sec-
18 tion 202(f) with respect to a widower who has not
19 attained age 60 and is under a disability (as defined
20 in section 223(d)) which began before the end of the
21 period specified in section 202(f)(4); and

22 “(iv) a mother’s and father’s insurance benefit
23 under section 202(g).”.

24 (b) CONFORMING AMENDMENTS.—

1 (1) Subsections (e)(2)(B)(i)(I) and
 2 (f)(2)(B)(i)(I) of section 202 of the Social Security
 3 Act are each amended by inserting “or section
 4 215(a)(2)(B)(iii)” after “section 215(a)(1)(B)(i) and
 5 (ii)”.

6 (2) Section 203(a)(1) of such Act is amended—

7 (A) in subparagraph (A)(i), by striking
 8 “215(a)(2)(B)(i)” and inserting
 9 “215(a)(3)(B)(i)”;

10 (B) in subparagraph (A)(ii), by striking
 11 “215(a)(2)(C)” and inserting “215(a)(3)(C)”;
 12 and

13 (C) in subparagraph (B)(ii), by striking
 14 “215(a)(2)” and inserting “215(a)(3)”.

15 (3) Section 209(k)(1) of such Act is amended
 16 by inserting “215(a)(2)(B), 215(a)(2)(C),” after
 17 “215(a)(1)(D),”.

18 (4) Section 215(a) of such Act is amended—

19 (A) in paragraph (4)(A), as redesignated
 20 by paragraph (2), by striking “paragraph (4)”
 21 and inserting “paragraph (5)”;

22 (B) in paragraph (4)(B), as redesignated
 23 by paragraph (2), by striking “paragraph
 24 (2)(A)” and inserting “paragraph (3)(A)”;

1 (C) in paragraph (5), as redesignated by
 2 paragraph (2), by striking “paragraph (3)(A)”
 3 and inserting “paragraph (4)(A)”;

4 (D) in paragraph (6)(A), as redesignated
 5 by paragraph (2), by striking “paragraph
 6 (4)(B)” and inserting “paragraph (5)(B)”;

7 (E) in paragraph (8)(B)(ii)(I), as redesign-
 8 dated by paragraph (2), by striking “paragraph
 9 (3)(B)” and inserting “paragraph (4)(B)”.

10 (5) Section 215(d)(3) of such Act is amended—

11 (A) by striking “paragraph (4)(B)(ii)” and
 12 inserting “paragraph (5)(B)(ii)”;

13 (B) by striking “subsection (a)(7)(C)” and
 14 inserting “subsection (a)(8)(C)”.

15 (6) Subsection 215(f) of such Act is amended—

16 (A) in paragraph (2)(B), by striking “sub-
 17 section (a)(4)(B)” and inserting “subsection
 18 (a)(5)(B)”;

19 (B) in paragraph (7), by striking “sub-
 20 section (a)(6)” and inserting “subsection
 21 (a)(7)”;

22 (C) in paragraph (9)(A)—

23 (i) by striking “subsection (a)(7)(A)”
 24 and inserting “subsection (a)(8)(A)”;

1 (ii) by striking “subsection (a)(7)(C)”
 2 and inserting “subsection (a)(8)(C)”; and
 3 (D) in paragraph (9)(B), by striking “sub-
 4 section (a)(7)” each place it appears and insert-
 5 ing “subsection (a)(8)”.

6 **SEC. 3. MODIFICATION OF PIA FACTORS TO REFLECT**
 7 **CHANGES IN LIFE EXPECTANCY.**

8 (a) MODIFICATION.—

9 (1) IN GENERAL.—Section 215(a)(2) of the So-
 10 cial Security Act (42 U.S.C. 415(a)(2)), as added by
 11 this Act, is amended by redesignating subparagraphs
 12 (D) and (E) as subparagraphs (E) and (F), respec-
 13 tively, and by inserting after subparagraph (C) the
 14 following new subparagraph:

15 “(D)(i) For individuals who initially become eligible
 16 for old-age insurance benefits (or who die before becoming
 17 eligible for such benefits) in any calendar year after 2017,
 18 each of the percentages used for purposes of clauses (i),
 19 (ii), (iii), and (iv) of subparagraph (A) (after the applica-
 20 tion of subparagraph (C) in the case of subclauses (iii)
 21 and (iv) of subparagraph (A)) shall be multiplied by the
 22 life expectancy ratio for such calendar year.

23 “(ii) The Commissioner of Social Security shall,
 24 through the Chief Actuary of the Social Security Adminis-
 25 tration, using generally accepted actuarial principles, de-

1 termine and publish in the Federal Register on or before
 2 November 1 of each calendar year the life expectancy ratio
 3 for the following calendar year.

4 “(iii) For purposes of this subparagraph, the life ex-
 5 pectancy ratio for any calendar year is the ratio of—

6 “(I) the period life expectancy based on the
 7 computed death rates for 2013 of an individual at
 8 age 67, to

9 “(II) the period life expectancy of an individual
 10 at such age based on the computed death rates for
 11 the fourth calendar year preceding the calendar year
 12 for which the life expectancy ratio is determined
 13 under clause (ii).”.

14 (2) CONFORMING AMENDMENT.—Clauses (iii)
 15 and (iv) of section 215(a)(2)(A) of the Social Secu-
 16 rity Act, as added by this Act, are each amended by
 17 striking “subparagraph (C)” and inserting “sub-
 18 paragraphs (C) and (F)”.

19 (b) STUDY REGARDING LIFE EXPECTANCY OF DIS-
 20 ABLED BENEFICIARIES.—

21 (1) IN GENERAL.—The Commissioner of Social
 22 Security shall conduct a study on the feasibility of
 23 creating a separate life expectancy ratio under sec-
 24 tion 215(a)(2)(D) of the Social Security Act for in-
 25 dividuals attaining early retirement age who are re-

1 ceiving disability insurance benefits under title II of
2 such Act on the date the individual attains such age.

3 (2) REPORT.—Not later than 1 year after the
4 date of the enactment of this Act, the Commissioner
5 shall submit to Congress a report on the results of
6 the study under paragraph (1).

7 **SEC. 4. TREATMENT OF DISABLED BENEFICIARIES.**

8 Section 215(a) of the Social Security Act (42 U.S.C.
9 415(a)), as amended by sections 2 and 3, is amended by
10 adding at the end the following new paragraph:

11 “(9)(A) Notwithstanding the preceding provisions of
12 this subsection, in the case of an individual who has or
13 has had a period of disability and who initially becomes
14 eligible for old-age insurance benefits or who dies (before
15 becoming eligible for such benefits) in any calendar year
16 in or after 2012, the primary insurance amount of such
17 individual shall be the sum of—

18 “(i) the amount determined under subpara-
19 graph (B); and

20 “(ii) the product derived by multiplying—

21 “(I) the excess of the amount determined
22 under subparagraph (C) over the amount deter-
23 mined under subparagraph (B), by

24 “(II) the adjustment factor for such indi-
25 vidual determined under subparagraph (D).

1 “(B) The amount determined under this subpara-
2 graph is the amount of such individual’s primary insur-
3 ance amount as determined under this section without re-
4 gard to this paragraph.

5 “(C) The amount determined under this subpara-
6 graph is the amount of such individual’s primary insur-
7 ance amount as determined under this section as in effect
8 with respect to individuals becoming eligible for old-age
9 or disability insurance benefits under section 202(a) in
10 2008.

11 “(D) The adjustment factor determined under this
12 subparagraph for any individual is the ratio (not greater
13 than 1) of—

14 “(i) the total number of months during which
15 such individual is under a disability (as defined in
16 section 223(d)) during the period beginning on the
17 date the individual attains age 22 and ending on the
18 first day of such individual’s first month of eligibility
19 for old-age insurance benefits under section 202(a)
20 (or, if earlier, the month of such individual’s death),
21 to

22 “(ii) the number of months during the period
23 beginning on the date the individual attains age 22
24 and ending on the first day of such individual’s first
25 month of eligibility for old-age insurance benefits

1 under section 202(a) (or, if earlier, the month of
2 such individual's death).”.

3 **SEC. 5. ACCELERATION OF INCREASE IN RETIREMENT AGE.**

4 (a) INCREASE IN RETIREMENT AGE TO 67.—Section
5 216(l)(1) of the Social Security Act (42 U.S.C. 416(l)(1))
6 is amended—

7 (1) in subparagraph (C), by striking “2017”
8 and inserting “2012”;

9 (2) in subparagraph (D), by striking “after De-
10 cember 31, 2016 and before January 1, 2022” and
11 inserting “after December 31, 2011 and before Jan-
12 uary 1, 2017”; and

13 (3) in subparagraph (E), by striking “2021”
14 and inserting “2016”.

15 (b) CONFORMING AMENDMENT.—Subparagraph (B)
16 of section 216(l)(3) of the Social Security Act (42 U.S.C.
17 416(l)(3)(B)) is amended—

18 (1) by striking “calendar years 2017 through
19 2021” and inserting “calendar years 2012 through
20 2016”; and

21 (2) by striking “January 2017” and inserting
22 “January 2012”.

1 **SEC. 6. MAINTENANCE OF ADEQUATE BALANCES IN THE**
2 **SOCIAL SECURITY TRUST FUNDS.**

3 (a) IN GENERAL.—Section 201 of the Social Security
4 Act (42 U.S.C. 401) is amended by adding at the end the
5 following new subsection:

6 “(o) In addition to amounts otherwise appropriated
7 under the preceding provisions of this section to the Trust
8 Funds established under this section, there is hereby ap-
9 propriated for each fiscal year to each of such Trust
10 Funds, from amounts in the general fund of the Treasury
11 not otherwise appropriated, such sums as may be nec-
12 essary from time to time to maintain the balance ratio
13 (as defined in section 709(b)) of such Trust Fund, for the
14 calendar year commencing during such fiscal year, at not
15 less than 100 percent. The sums to be appropriated under
16 the preceding sentence shall be determined by the Com-
17 missioner of Social Security and certified by the Commis-
18 sioner to each House of the Congress not later than Octo-
19 ber 1 of such fiscal year. In making such determination
20 and certification, the Commissioner shall use the inter-
21 mediate actuarial assumptions used by the Board of
22 Trustees of the Trust Funds in its most recent annual
23 report to the Congress prepared pursuant to subsection
24 (c)(2). The Commissioner shall also transmit a copy of
25 any such certification to the Secretary of the Treasury,
26 and upon receipt thereof, such Secretary shall promptly

1 take appropriate actions in accordance with the certifi-
2 cation.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply with respect to fiscal years be-
5 ginning after the date of the enactment of this Act.

○