

113TH CONGRESS  
1ST SESSION

# H. R. 3118

To improve the retirement security of American families by strengthening  
Social Security.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 2013

Ms. LINDA T. SÁNCHEZ of California (for herself, Mr. HOLT, Mr. HONDA, Mr. DEFAZIO, Mr. NADLER, Mr. BRADY of Pennsylvania, Mr. CARTWRIGHT, Mr. CONYERS, Mr. VEASEY, Ms. BROWN of Florida, Ms. SCHAKOWSKY, Mr. GRIJALVA, Ms. SHEA-PORTER, Mr. McDERMOTT, Ms. LEE of California, Ms. NORTON, Mrs. NEGRETE McLEOD, Ms. FUDGE, Mr. GRAYSON, Mr. GENE GREEN of Texas, Mr. ELLISON, Mrs. NAPOLITANO, Mr. TAKANO, Mr. TONKO, Mr. VARGAS, Mr. COHEN, Mr. LOWENTHAL, and Ms. EDDIE BERNICE JOHNSON of Texas) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, 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 improve the retirement security of American families by  
strengthening Social Security.

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 “Strengthening Social  
5 Security Act of 2013”.

1 **SEC. 2. DETERMINATION OF TAXABLE WAGES AND SELF-**  
 2 **EMPLOYMENT INCOME ABOVE CONTRIBU-**  
 3 **TION AND BENEFIT BASE AFTER 2013.**

4 (a) DETERMINATION OF TAXABLE WAGES ABOVE  
 5 CONTRIBUTION AND BENEFIT BASE AFTER 2013.—

6 (1) AMENDMENTS TO THE INTERNAL REVENUE  
 7 CODE OF 1986.—Section 3121 of the Internal Rev-  
 8 enue Code of 1986 is amended—

9 (A) in subsection (a)(1), by inserting “the  
 10 applicable percentage (determined under sub-  
 11 section (c)(1)) of” before “that part of the re-  
 12 muneratation”; and

13 (B) in subsection (c), by striking “(c) IN-  
 14 CLUDED AND EXCLUDED SERVICE.—For pur-  
 15 poses of this chapter, if” and inserting the fol-  
 16 lowing:

17 “(c) SPECIAL RULES FOR WAGES AND EMPLOY-  
 18 MENT.—

19 “(1) APPLICABLE PERCENTAGE OF REMUNERA-  
 20 TION IN DETERMINING TAXABLE WAGES.—For pur-  
 21 poses of subsection (a)(1), the applicable percentage  
 22 for a calendar year shall be equal to—

23 “(A) for 2014, 80 percent;

24 “(B) for 2015 through 2017, the applica-  
 25 ble percentage under this paragraph for the

1 previous year, decreased by 20 percentage  
2 points; and

3 “(C) for 2018 and each year thereafter, 0  
4 percent.

5 “(2) INCLUDED AND EXCLUDED SERVICE.—For  
6 purposes of this chapter, if”.

7 (2) AMENDMENTS TO THE SOCIAL SECURITY  
8 ACT.—Section 209 of the Social Security Act (42  
9 U.S.C. 409) is amended—

10 (A) in subsection (a)(1)(I)—

11 (i) by inserting “and before 2014”  
12 after “1974”; and

13 (ii) by inserting “and” after the semi-  
14 colon;

15 (B) in subsection (a)(1), by adding at the  
16 end the following new subparagraph:

17 “(J) The applicable percentage (deter-  
18 mined under subsection (I)) of that part of re-  
19 munerations which, after remuneration (other  
20 than remuneration referred to in the succeeding  
21 subsections of this section) equal to the con-  
22 tribution and benefit base (determined under  
23 section 230) with respect to employment has  
24 been paid to an individual during any calendar  
25 year after 2013 with respect to which such con-

1           tribution and benefit base is effective, is paid to  
2           such individual during such calendar year;”;  
3           and

4                   (C) by adding at the end the following new  
5           subsection:

6           “(1) For purposes of subsection (a)(1)(J), the applica-  
7           ble percentage for a calendar year shall be equal to—

8                   “(1) for 2014, 80 percent;

9                   “(2) for 2015 through 2017, the applicable per-  
10           centage under this subsection for the previous year,  
11           decreased by 20 percentage points; and

12                   “(3) for 2018 and each year thereafter, 0 per-  
13           cent.”.

14                   (3) EFFECTIVE DATE.—The amendments made  
15           by this subsection shall apply with respect to remun-  
16           eration paid in calendar years after 2013.

17           (b) DETERMINATION OF TAXABLE SELF-EMPLOY-  
18           MENT INCOME ABOVE CONTRIBUTION AND BENEFIT  
19           BASE AFTER 2013.—

20                   (1) AMENDMENTS TO THE INTERNAL REVENUE  
21           CODE OF 1986.—Section 1402 of the Internal Rev-  
22           enue Code of 1986 is amended—

23                   (A) in subsection (b)(1), by striking “that  
24           part of the net earnings” and all that follows  
25           through “minus” and inserting the following:

1 “an amount equal to the applicable percentage  
2 (as determined under subsection (d)(2)) of that  
3 part of the net earnings from self-employment  
4 which is in excess of the difference (not to be  
5 less than zero) between (i) an amount equal to  
6 the contribution and benefit base (as deter-  
7 mined under section 230 of the Social Security  
8 Act) which is effective for the calendar year in  
9 which such taxable year begins, and”;

10 (B) in subsection (d)—

11 (i) by striking “(d) EMPLOYEE AND  
12 WAGES.—The term” and inserting the fol-  
13 lowing:

14 “(d) RULES AND DEFINITIONS.—

15 “(1) EMPLOYEE AND WAGES.—The term”;

16 (ii) by adding at the end the fol-  
17 lowing:

18 “(2) APPLICABLE PERCENTAGE OF NET EARN-  
19 INGS FROM SELF-EMPLOYMENT IN DETERMINING  
20 TAXABLE SELF-EMPLOYMENT INCOME.—For pur-  
21 poses of subsection (b)(1), the applicable percentage  
22 for a taxable year beginning in any calendar year re-  
23 ferred to in such paragraph shall be equal to—

24 “(A) for 2014, 80 percent;

1           “(B) for 2015 through 2017, the applica-  
2           ble percentage under this paragraph for the  
3           previous year, decreased by 20 percentage  
4           points; and

5           “(C) for 2018 and each year thereafter, 0  
6           percent.”.

7           (2) AMENDMENTS TO THE SOCIAL SECURITY  
8           ACT.—Section 211 of the Social Security Act (42  
9           U.S.C. 411) is amended—

10           (A) in subsection (b)—

11           (i) in paragraph (1)(I)—

12           (I) by striking “or” after the  
13           semicolon; and

14           (II) by inserting “and before  
15           2014” after “1974”;

16           (ii) by redesignating paragraph (2) as  
17           paragraph (3); and

18           (iii) by inserting after paragraph (1)  
19           the following:

20           “(2) For any taxable year beginning in any cal-  
21           endar year after 2013, an amount equal to the appli-  
22           cable percentage (as determined under subsection  
23           (l)) of that part of net earnings from self-employ-  
24           ment which is in excess of the difference (not to be  
25           less than zero) between—

1           “(A) an amount equal to the contribution  
2           and benefit base (as determined under section  
3           230) that is effective for such calendar year,  
4           and

5           “(B) the amount of the wages paid to such  
6           individual during such taxable year; or”; and

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

8           “(1) For purposes of subsection (b)(2), the applicable  
9           percentage for a taxable year beginning in any calendar  
10          year referred to in such paragraph shall be equal to—

11           “(1) for 2014, 80 percent;

12           “(2) for 2015 through 2017, the applicable per-  
13          centage under this subsection for the previous year,  
14          decreased by 20 percentage points; and

15           “(3) for 2018 and each year thereafter, 0 per-  
16          cent.”.

17           (3) EFFECTIVE DATE.—The amendments made  
18          by this subsection shall apply with respect to taxable  
19          years beginning during or after calendar year 2014.

1 **SEC. 3. ADJUSTMENTS TO BEND POINTS IN DETERMINING**  
2 **PRIMARY INSURANCE AMOUNT AND INCLU-**  
3 **SION OF SURPLUS EARNINGS FOR BENEFIT**  
4 **DETERMINATIONS.**

5 (a) INCLUSION OF SURPLUS AVERAGE INDEXED  
6 MONTHLY EARNINGS IN DETERMINATION OF PRIMARY  
7 INSURANCE AMOUNTS.—

8 (1) IN GENERAL.—Section 215(a)(1)(A) of the  
9 Social Security Act (42 U.S.C. 415(a)(1)(A)) is  
10 amended—

11 (A) in clauses (i), (ii), and (iii), by insert-  
12 ing “basic” before “average indexed monthly  
13 earnings” each place it appears;

14 (B) in clause (ii), by striking “and” at the  
15 end;

16 (C) in clause (iii), by adding “and” at the  
17 end; and

18 (D) by inserting after clause (iii) the fol-  
19 lowing new clause:

20 “(iv) 5 percent of the individual’s surplus aver-  
21 age indexed monthly earnings,”.

22 (2) BEND POINT ADJUSTMENT.—Section  
23 215(a)(1)(B) of such Act (42 U.S.C. 415(a)(1)(B))  
24 is amended—

25 (A) by redesignating clause (iii) as clause  
26 (iv); and



1 (B) by inserting after clause (ii) the fol-  
2 lowing new clause:

3 “(iii) For individuals who initially become eligi-  
4 ble for old-age or disability insurance benefits, or  
5 who die (before becoming eligible for such benefits)  
6 in any calendar year after 2018, the amount deter-  
7 mined under clause (i) of this subparagraph for pur-  
8 poses of subparagraph (A)(i) for such calendar year  
9 shall be increased by—

10 “(I) for calendar year 2019, 1 percent;

11 “(II) for each of calendar years 2020  
12 through 2032, the percent determined under  
13 this clause for the preceding year increased by  
14 1 percentage point; and

15 “(III) for calendar year 2033 and each  
16 year thereafter, 15 percent.”.

17 (b) BASIC AIME AND SURPLUS AIME.—

18 (1) BASIC AIME.—Section 215(b)(1) of such  
19 Act (42 U.S.C. 415(b)(1)) is amended—

20 (A) by inserting “basic” before “average”;  
21 and

22 (B) in subparagraph (A), by striking  
23 “paragraph (3)” and inserting “paragraph  
24 (3)(A)” and by inserting before the comma the  
25 following: “to the extent such total does not ex-

1           ceed the contribution and benefit base for the  
2           applicable year”.

3           (2) SURPLUS AIME.—

4                   (A) IN GENERAL.—Section 215(b)(1) of  
5           such Act (as amended by paragraph (1)) is  
6           amended—

7                           (i) by redesignating subparagraphs  
8                   (A) and (B) as clauses (i) and (ii), respec-  
9                   tively;

10                           (ii) by inserting “(A)” after “(b)(1)”;

11                   and

12                           (iii) by adding at the end the fol-  
13                   lowing new subparagraph:

14           “(B)(i) An individual’s surplus average indexed  
15           monthly earnings shall be equal to the quotient obtained  
16           by dividing—

17                   “(I) the total (after adjustment under para-  
18                   graph (3)(B)) of such individual’s surplus earnings  
19                   (determined under clause (ii)) for such individual’s  
20                   benefit computation years (determined under para-  
21                   graph (2)), by

22                           “(II) the number of months in those years.

23           “(ii) For purposes of clause (i) and paragraph (3)(B),  
24           an individual’s surplus earnings for a benefit computation  
25           year are the total of such individual’s wages paid in and

1 self-employment income credited to such benefit computa-  
2 tion year, to the extent such total (before adjustment  
3 under paragraph (3)(B)) exceeds the contribution and  
4 benefit base for such year.”.

5 (B) CONFORMING AMENDMENT.—The  
6 heading for section 215(b) of such Act is  
7 amended by striking “Average Indexed Monthly  
8 Earnings” and inserting “Basic Average In-  
9 dexed Monthly Earnings; Surplus Average In-  
10 dexed Monthly Earnings”.

11 (3) ADJUSTMENT OF SURPLUS EARNINGS FOR  
12 PURPOSES OF DETERMINING SURPLUS AIME.—Sec-  
13 tion 215(b)(3) of such Act (42 U.S.C. 415(b)(3)) is  
14 amended—

15 (A) in subparagraph (A), by striking “sub-  
16 subparagraph (B)” and inserting “subparagraph  
17 (C)” and by inserting “and determination of  
18 basic average indexed monthly income” after  
19 “paragraph (2)”;

20 (B) by redesignating subparagraph (B) as  
21 subparagraph (C); and

22 (C) by inserting after subparagraph (A)  
23 the following new subparagraph:

24 “(B) For purposes of determining under paragraph  
25 (1)(B) an individual’s surplus average indexed monthly

1 earnings, the individual’s surplus earnings (described in  
2 paragraph (2)(B)(ii)) for a benefit computation year shall  
3 be deemed to be equal to the product of—

4 “(i) the individual’s surplus earnings for such  
5 year (as determined without regard to this subpara-  
6 graph), and

7 “(ii) the quotient described in subparagraph  
8 (A)(ii).”.

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply with respect to individuals who ini-  
11 tially become eligible (within the meaning of section  
12 215(a)(3)(B) of the Social Security Act) for old-age or dis-  
13 ability insurance benefits under title II of the Social Secu-  
14 rity Act, or who die (before becoming eligible for such ben-  
15 efits), in any calendar year after 2018.

16 **SEC. 4. CONSUMER PRICE INDEX FOR ELDERLY CON-**  
17 **SUMERS.**

18 (a) IN GENERAL.—The Bureau of Labor Statistics  
19 of the Department of Labor shall prepare and publish an  
20 index for each calendar month to be known as the “Con-  
21 sumer Price Index for Elderly Consumers” that indicates  
22 changes over time in expenditures for consumption which  
23 are typical for individuals in the United States who have  
24 attained early retirement age (as defined under section  
25 216(l)(2) of the Social Security Act (42 U.S.C. 416(l)(2))

1 for purposes of an old-age, wife's, or husband's insurance  
2 benefit).

3 (b) EFFECTIVE DATE.—Subsection (a) shall apply  
4 with respect to calendar months ending on or after June  
5 30 of the calendar year in which this Act is enacted.

6 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
7 are authorized to be appropriated such sums as are nec-  
8 essary to carry out the provisions of this section.

9 **SEC. 5. COMPUTATION OF COST-OF-LIVING INCREASES FOR**  
10 **SOCIAL SECURITY BENEFITS.**

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

13 (1) in paragraph (1)(G), by inserting before the  
14 period the following: “, and, with respect to any  
15 monthly insurance benefit payable under this title,  
16 effective for adjustments under this subsection to  
17 the primary insurance amount on which such benefit  
18 is based (or to any such benefit under section 227  
19 or 228), the applicable Consumer Price Index shall  
20 be deemed to be the Consumer Price Index for El-  
21 derly Consumers and such primary insurance  
22 amount shall be deemed adjusted under this sub-  
23 section using such Index”; and

24 (2) in paragraph (4), by striking “and by sec-  
25 tion 9001” and inserting “, by section 9001”, and

1 by inserting after “1986,” the following: “and by  
2 section 5(a) of the Strengthening Social Security Act  
3 of 2013,”.

4 (b) CONFORMING AMENDMENTS IN APPLICABLE  
5 FORMER LAW.—Section 215(i)(1)(C) of the Social Secu-  
6 rity Act, as in effect in December 1978 and applied in  
7 certain cases under the provisions of such Act in effect  
8 after December 1978, is amended by inserting before the  
9 period the following: “, and, with respect to any monthly  
10 insurance benefit payable under this title, effective for ad-  
11 justments under this subsection to the primary insurance  
12 amount on which such benefit is based (or to any such  
13 benefit under section 227 or 228), the applicable Con-  
14 sumer Price Index shall be deemed to be the Consumer  
15 Price Index for Elderly Consumers and such primary in-  
16 surance amount shall be deemed adjusted under this sub-  
17 section using such Index”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to determinations made by the  
20 Commissioner of Social Security under section 215(i)(2)  
21 of the Social Security Act (42 U.S.C. 415(i)(2)) with re-  
22 spect to cost-of-living computation quarters ending on or  
23 after September 30, 2014.

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