

119TH CONGRESS
1ST SESSION

S. 3462

To improve the retirement security of American families by increasing Social Security benefits for current and future beneficiaries while making Social Security stronger for future generations.

IN THE SENATE OF THE UNITED STATES

DECEMBER 11, 2025

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

A BILL

To improve the retirement security of American families by increasing Social Security benefits for current and future beneficiaries while making Social Security stronger for future generations.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Safeguarding American Families and Expanding Social
6 Security Act of 2025”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Determination of taxable wages and self-employment income above contribution and benefit base after 2025.
- Sec. 3. Adjustments to primary insurance amount formula and inclusion of surplus earnings for benefit determinations.
- Sec. 4. Computation of cost-of-living increases for Social Security benefits; consumer price index for elderly consumers.

1 SEC. 2. DETERMINATION OF TAXABLE WAGES AND SELF-
2 EMPLOYMENT INCOME ABOVE CONTRIBU-
3 TION AND BENEFIT BASE AFTER 2025.

4 (a) DETERMINATION OF TAXABLE WAGES ABOVE
5 CONTRIBUTION AND BENEFIT BASE AFTER 2025.—

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 muneration”; 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—

1 “(A) for 2026, 80 percent;

2 “(B) for 2027 through 2029, the applica-
3 ble percentage under this paragraph for the
4 previous year, decreased by 20 percentage
5 points; and

6 “(C) for 2030 and each year thereafter, 0
7 percent.

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

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

13 (A) in subsection (a)(1)—

14 (i) in subparagraph (I)—

15 (I) by inserting “and before
16 2026” after “1974”; and

17 (II) by inserting “and” after the
18 semicolon; and

19 (ii) by adding at the end the following
20 new subparagraph:

21 “(J) The applicable percentage (deter-
22 mined under subsection (I)) of that part of re-
23 munerat ion which, after remuneration (other
24 than remuneration referred to in the succeeding
25 subsections of this section) equal to the con-

1 tribution and benefit base (determined under
 2 section 230) with respect to employment has
 3 been paid to an individual during any calendar
 4 year after 2025 with respect to which such con-
 5 tribution and benefit base is effective, is paid to
 6 such individual during such calendar year;”;
 7 and

8 (B) by adding at the end the following new
 9 subsection:

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

12 “(1) for 2026, 80 percent;

13 “(2) for 2027 through 2029, the applicable per-
 14 centage under this subsection for the previous year,
 15 decreased by 20 percentage points; and

16 “(3) for 2030 and each year thereafter, 0 per-
 17 cent.”.

18 (3) EFFECTIVE DATE.—The amendments made
 19 by this subsection shall apply with respect to remu-
 20 neration paid in calendar years after 2025.

21 (b) DETERMINATION OF TAXABLE SELF-EMPLOY-
 22 MENT INCOME ABOVE CONTRIBUTION AND BENEFIT
 23 BASE AFTER 2025.—

(1) AMENDMENTS TO THE INTERNAL REVENUE
CODE OF 1986.—Section 1402 of the Internal Revenue Code of 1986 is amended—

(A) in subsection (b)(1), by striking “that part of the net earnings” and all that follows through “minus” and inserting the following: “an amount equal to the applicable percentage (as determined under subsection (d)(2)) of that part of the net earnings from self-employment which is in excess of the difference (not to be less than zero) between (i) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which such taxable year begins, and”; and

(B) in subsection (d)—

(i) by striking “(d) EMPLOYEE AND WAGES.—The term” and inserting the following:

“(d) RULES AND DEFINITIONS.—

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

(ii) by adding at the end the following:

“(2) APPLICABLE PERCENTAGE OF NET EARNINGS FROM SELF-EMPLOYMENT IN DETERMINING

1 TAXABLE SELF-EMPLOYMENT INCOME.—For pur-
 2 poses of subsection (b)(1), the applicable percentage
 3 for a taxable year beginning in any calendar year re-
 4 ferred to in such subsection shall be equal to—

5 “(A) for 2026, 80 percent;

6 “(B) for 2027 through 2029, the applica-
 7 ble percentage under this paragraph for the
 8 previous year, decreased by 20 percentage
 9 points; and

10 “(C) for 2030 and each year thereafter, 0
 11 percent.”.

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

15 (A) in subsection (b)—

16 (i) in paragraph (1)(I)—

17 (I) by striking “or” after the
 18 semicolon; and

19 (II) by inserting “and before
 20 2026” after “1974”;

21 (ii) by redesignating paragraph (2) as
 22 paragraph (3); and

23 (iii) by inserting after paragraph (1)
 24 the following:

1 “(2) For any taxable year beginning in any cal-
 2 endar year after 2025, an amount equal to the appli-
 3 cable percentage (as determined under subsection
 4 (1)) of that part of net earnings from self-employ-
 5 ment which is in excess of the difference (not to be
 6 less than zero) between—

7 “(A) an amount equal to the contribution
 8 and benefit base (as determined under section
 9 230) that is effective for such calendar year,
 10 and

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

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

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

17 “(1) for 2026, 80 percent;

18 “(2) for 2027 through 2029, the applicable per-
 19 centage under this subsection for the previous year,
 20 decreased by 20 percentage points; and

21 “(3) for 2030 and each year thereafter, 0 per-
 22 cent.”.

23 (3) EFFECTIVE DATE.—The amendments made
 24 by this subsection shall apply with respect to taxable
 25 years beginning after calendar year 2025.

1 **SEC. 3. ADJUSTMENTS TO PRIMARY INSURANCE AMOUNT**
 2 **FORMULA AND INCLUSION OF SURPLUS**
 3 **EARNINGS FOR BENEFIT DETERMINATIONS.**

4 (a) INCREASE IN PERCENTAGE FACTOR FOR LOWEST
 5 PORTION OF EARNINGS USED TO DETERMINE PRIMARY
 6 INSURANCE AMOUNTS.—Section 215(a)(1)(A)(i) of the
 7 Social Security Act (42 U.S.C. 415(a)(1)(A)(i)) is amend-
 8 ed by striking “90 percent” and inserting “95 percent”.

9 (b) INCLUSION OF SURPLUS AVERAGE INDEXED
 10 MONTHLY EARNINGS IN DETERMINATION OF PRIMARY
 11 INSURANCE AMOUNTS.—

12 (1) IN GENERAL.—Section 215(a)(1)(A) of the
 13 Social Security Act (42 U.S.C. 415(a)(1)(A)) is
 14 amended—

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

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

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

22 (D) by inserting after clause (iii) the fol-
 23 lowing new clause:

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

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

(A) in clause (i), by inserting “For individuals who initially become eligible for old-age or disability insurance benefits, or who die (before becoming eligible for such benefits), in the calendar year 2026, the amount established for purposes of clause (ii) of subparagraph (A) shall be \$6,300.” after the period;

(B) in clause (ii)—

(i) by redesignating subclauses (I) and (II) as items (aa) and (bb), respectively;

(ii) by striking “For individuals” and inserting “(I) Subject to subclause (II), for individuals”; and

(iii) by adding at the end the following new subclause:

“(II) For individuals who initially become eligible for old-age or disability insurance benefits, or who die (before becoming eligible for such benefits), in any calendar year after 2026, the amount established for purposes of clause (ii) of subparagraph (A) shall equal the product of the amount established with respect to calendar year 2026 under

1 clause (i) of this subparagraph and the quotient ob-
2 tained by dividing—

3 “(aa) the national average wage index (as
4 defined in section 209(k)(1)) for the second cal-
5 endar year preceding the calendar year for
6 which the determination is made, by

7 “(bb) the national average wage index (as
8 so defined) for 2024.”;

9 (C) by redesignating clause (iii) as clause
10 (iv); and

11 (D) by inserting after clause (ii) the fol-
12 lowing new clause:

13 “(iii) For individuals who initially become eligi-
14 ble for old-age or disability insurance benefits, or
15 who die (before becoming eligible for such benefits)
16 in any calendar year after 2030, the amount deter-
17 mined under clause (ii) of this subparagraph for
18 purposes of subparagraph (A)(i) for such calendar
19 year shall be increased by—

20 “(I) for calendar year 2031, 1 percent;

21 “(II) for each of calendar years 2032
22 through 2044, the percent determined under
23 this clause for the preceding year increased by
24 1 percentage point; and

1 “(III) for calendar year 2045 and each
2 year thereafter, 15 percent.”.

3 (3) RECOMPUTATION OF BENEFITS FOR EXIST-
4 ING BENEFICIARIES.—Section 215(f) of the Social
5 Security Act (42 U.S.C. 415(f)) is amended by add-
6 ing at the end the following new paragraph:

7 “(10) RECOMPUTATION OF PRIMARY INSUR-
8 ANCE AMOUNT FOR INDIVIDUALS WHO BECAME ELI-
9 GIBLE FOR BENEFITS BEFORE 2026.—

10 “(A) The Commissioner of Social Security
11 shall recompute the primary insurance amounts
12 applicable to beneficiaries whose benefits are
13 based on a primary insurance amount that was
14 computed under this section effective prior to
15 January 2026. Such recomputation shall be ef-
16 fective January 2026.

17 “(B) In recomputing the primary insur-
18 ance amount applicable to a beneficiary under
19 this paragraph, the Commissioner of Social Se-
20 curity shall calculate the primary insurance
21 amount of the individual under subsection
22 (a)(1) as in effect on the date that such pri-
23 mary insurance amount was initially computed,
24 except that the Commissioner shall substitute
25 for the amount that applied under subpara-

graph (B)(ii) of such subsection on such date
an amount equal to the product of—

“(i) the amount that applied under
such subparagraph on such date; and

“(ii) the ratio of—

“(I) 6,300; to

“(II) 6,002.

“(C) Each amount determined under sub-
paragraph (B) shall be rounded to the nearest
\$1, except that any amount so established
which is a multiple of \$0.50 but not of \$1 shall
be rounded to the next higher \$1.

“(D) If a primary insurance amount appli-
cable to a beneficiary, as recomputed under this
paragraph, is lower than the primary insurance
amount applicable to such beneficiary as it was
originally computed, such higher primary insur-
ance amount shall continue to apply to such
beneficiary.”.

(c) BASIC AIME AND SURPLUS AIME.—

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

(A) by inserting “basic” before “average”;

and

1 (B) in subparagraph (A), by striking
 2 “paragraph (3)” and inserting “paragraph
 3 (3)(A)” and by inserting before the comma the
 4 following: “to the extent such total does not ex-
 5 ceed the contribution and benefit base for the
 6 applicable year”.

7 (2) SURPLUS AIME.—

8 (A) IN GENERAL.—Section 215(b)(1) of
 9 such Act (as amended by paragraph (1)) is
 10 amended—

11 (i) by redesignating subparagraphs
 12 (A) and (B) as clauses (i) and (ii), respec-
 13 tively;

14 (ii) by striking “An individual’s” and
 15 inserting “(A) An individual’s”; and

16 (iii) by adding at the end the fol-
 17 lowing new subparagraph:

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

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

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

2 “(ii) For purposes of clause (i) and paragraph (3)(B),
 3 an individual’s surplus earnings for a benefit computation
 4 year are the total of such individual’s wages paid in and
 5 self-employment income credited to such benefit computa-
 6 tion year, to the extent such total (before adjustment
 7 under paragraph (3)(B)) exceeds the contribution and
 8 benefit base for such year.”.

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

15 (3) ADJUSTMENT OF SURPLUS EARNINGS FOR
 16 PURPOSES OF DETERMINING SURPLUS AIME.—Sec-
 17 tion 215(b)(3) of such Act (42 U.S.C. 415(b)(3)) is
 18 amended—

19 (A) in subparagraph (A)—

20 (i) by striking “subparagraph (B)”
 21 and inserting “subparagraph (C)”; and

22 (ii) by inserting “and determination of
 23 basic average indexed monthly income
 24 under paragraph (1)(A)” after “paragraph
 25 (2)”;

1 (B) by redesignating subparagraph (B) as
 2 subparagraph (C); and

3 (C) by inserting after subparagraph (A)
 4 the following new subparagraph:

5 “(B) For purposes of determining under paragraph
 6 (1)(B) an individual’s surplus average indexed monthly
 7 earnings, the individual’s surplus earnings for a benefit
 8 computation year shall be deemed to be equal to the prod-
 9 uct of—

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

13 “(ii) the quotient described in subparagraph
 14 (A)(ii).”.

15 (d) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply with respect to individuals who ini-
 17 tially become eligible (within the meaning of section
 18 215(a)(3)(B) of the Social Security Act) for old-age or dis-
 19 ability insurance benefits under title II of the Social Secu-
 20 rity Act, or who die (before becoming eligible for such ben-
 21 efits), in any calendar year after 2030.

1 **SEC. 4. COMPUTATION OF COST-OF-LIVING INCREASES FOR**
 2 **SOCIAL SECURITY BENEFITS; CONSUMER**
 3 **PRICE INDEX FOR ELDERLY CONSUMERS.**

4 (a) COMPUTATION OF COST-OF-LIVING IN-
 5 CREASES.—

6 (1) IN GENERAL.—Section 215(i) of the Social
 7 Security Act (42 U.S.C. 415(i)) is amended—

8 (A) in paragraph (1)(G), by inserting be-
 9 fore the period the following: “, and, with re-
 10 spect to any monthly insurance benefit payable
 11 under this title, effective for adjustments under
 12 this subsection to the primary insurance
 13 amount on which such benefit is based (or to
 14 any such benefit under section 227 or 228), the
 15 applicable Consumer Price Index shall be the
 16 Consumer Price Index for Elderly Consumers
 17 and such primary insurance amount shall be
 18 adjusted under this subsection using such
 19 Index”; and

20 (B) in paragraph (4)—

21 (i) by striking “and by section 9001”
 22 and inserting “, by section 9001”; and

23 (ii) by striking “1986,” and inserting
 24 “1986, and by section 5(a) of the Safe-
 25 guarding American Families and Expand-
 26 ing Social Security Act of 2025,”.

1 (2) CONFORMING AMENDMENTS IN APPLICABLE
 2 FORMER LAW.—Section 215(i)(1)(C) of the Social
 3 Security Act, as in effect in December 1978 and ap-
 4 plied in certain cases under the provisions of such
 5 Act in effect after December 1978, is amended by
 6 inserting before the period the following: “, and,
 7 with respect to any monthly insurance benefit pay-
 8 able under this title, effective for adjustments under
 9 this subsection to the primary insurance amount on
 10 which such benefit is based (or to any such benefit
 11 under section 227 or 228), the applicable Consumer
 12 Price Index shall be the Consumer Price Index for
 13 Elderly Consumers and such primary insurance
 14 amount shall be adjusted under this subsection
 15 using such Index”.

16 (3) EFFECTIVE DATE.—The amendments made
 17 by this subsection shall apply to determinations
 18 made by the Commissioner of Social Security under
 19 section 215(i)(2) of the Social Security Act (42
 20 U.S.C. 415(i)(2)) with respect to cost-of-living com-
 21 putation quarters ending on or after September 30,
 22 2026.

23 (b) CONSUMER PRICE INDEX FOR ELDERLY CON-
 24 SUMERS.—

1 (1) IN GENERAL.—The Bureau of Labor Statis-
2 tics of the Department of Labor shall prepare and
3 publish an index for each calendar month to be
4 known as the “Consumer Price Index for Elderly
5 Consumers” that indicates changes over time in ex-
6 penditures for consumption which are typical for in-
7 dividuals in the United States who have attained
8 early retirement age (as defined under section
9 216(l)(2) of the Social Security Act (42 U.S.C.
10 416(l)(2)) for purposes of an old-age, wife’s, or hus-
11 band’s insurance benefit.

12 (2) EFFECTIVE DATE.—Paragraph (1) shall
13 apply with respect to calendar months ending on or
14 after June 30 of the calendar year in which this Act
15 is enacted.

16 (3) AUTHORIZATION OF APPROPRIATIONS.—
17 There are authorized to be appropriated such sums
18 as are necessary to carry out the provisions of this
19 subsection.

○