

KNOW YOUR SOCIAL SECURITY ACT OF 2019

DECEMBER 2, 2020.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. NEAL, from the Committee on Ways and Means,  
 submitted the following

R E P O R T

[To accompany H.R. 5306]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 5306) to amend title XI of the Social Security Act to clarify the mailing requirement relating to social security account statements, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Know Your Social Security Act of 2019”.

**SEC. 2. CLARIFICATION OF REQUIREMENT TO MAIL SOCIAL SECURITY ACCOUNT STATEMENTS.**

(a) IN GENERAL.—Section 1143 of the Social Security Act (42 U.S.C. 1320b-13) is amended—

(1) in subsection (a)(1), by adding at the end the following: “Such statement shall be provided by mail unless the requesting individual chooses electronic delivery for that request.”; and

(2) in subsection (c)(2)—

(A) by striking “Beginning not later than” and inserting “(A) Beginning not later than”;

(B) by inserting “by mail” after “provide”; and

(C) by adding at the end the following:

“(B) In any case in which an eligible individual described in subparagraph (A) responds to an annual inquiry by the Commissioner relating to the mailing of the individual’s statement by making an election that such statement for such year be provided in electronic form only, the requirements of this paragraph shall be deemed to be satisfied for such year with respect to the individual.”

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to social security account statements required to be provided after the date of the enactment of this Act.

## I. SUMMARY AND BACKGROUND

### A. PURPOSE AND SUMMARY

H.R. 5306, the Know Your Social Security Act of 2019, as amended and ordered favorably reported by the Committee on Ways and Means on December 11, 2019, amends the Social Security Act to clarify that the Social Security Administration (SSA) must provide by mail an annual *Social Security Statement (Statement)* to all workers ages 25 and older who have contributed to Social Security and are not receiving Social Security benefits.

This bill was introduced by Ways and Means Committee Social Security Subcommittee Chairman John B. Larson and Ways and Means Committee Member Vern Buchanan.

### B. BACKGROUND AND NEED FOR LEGISLATION

To ensure that Americans know their Social Security earnings and benefits, Congress directed SSA in bipartisan legislation enacted in 1989 and 1990 to mail an annual *Statement* to all workers ages 25 and older who are not receiving Social Security benefits.<sup>1</sup> This requirement is contained in Section 1143 of the Social Security Act. The *Statement* informs individuals about their projected Social Security benefits, helps them plan for retirement, and allows workers to review and correct their earnings records to ensure their future benefits will be computed correctly.

In the 1989 legislation, Congress directed SSA to send *Statements* to all individuals “for whom a current mailing address can be determined.”<sup>2</sup> In the 1990 legislation, Congress also directed the Internal Revenue Service, upon written request of the Commissioner of Social Security, to disclose the mailing address of any tax-

<sup>1</sup> See *Omnibus Budget Reconciliation Acts of 1989 and 1990*, P.L. 101–239 and P.L. 101–508.

<sup>2</sup> *Omnibus Budget Reconciliation Act of 1989*, P.L. 101–239.

payer who is entitled to receive a Statement to SSA for the purposes of mailing the *Statement*.<sup>3</sup>

For years, SSA complied with the law, with successful results. However, starting in Fiscal Year 2011, SSA ceased mailing annual *Statements* to all workers, citing budgetary constraints. Since then, SSA has continued to disregard the law and Congressional oversight that has directed the agency to restore or increase the delivery of annual *Statements* by mail.

Currently, SSA only mails *Statements* to individuals ages 60 and older with covered earnings who are not receiving Social Security benefits. In addition, even among this limited group of seniors, SSA only mails *Statements* to those individuals who have not registered for a *mySocialSecurity* online account. In Fiscal Year 2019, SSA mailed *Statements* to only about 15 million workers—out of more than 175 million workers with covered earnings that year.<sup>4</sup>

For individuals who do not receive a mailed *Statement*, the only way to see their *Statement* is to sign up for an online account with Social Security and view their *Statement* on SSA’s website. However, according to SSA’s Inspector General, relatively few workers view their *Statements* online.<sup>5</sup>

Research has found that when SSA mails annual *Statements*, most people—even younger workers—read their *Statement* carefully, value it highly, and find it helpful for retirement planning.<sup>6</sup> Research has also found that the overwhelming majority of people feel that mail is one of the best ways for SSA to provide them with educational information.<sup>7</sup>

H.R. 5306 would help ensure that Americans know about their Social Security benefits and earnings records by clarifying that SSA must mail an annual *Statement* to all workers ages 25 and older with covered earnings, who are not receiving Social Security. The legislation permits SSA to not mail an annual *Statement* to an individual who chooses electronic delivery for that year. By law, an individual may also request a *Statement* at any time during the year. The bill requires SSA to provide these on-demand *Statements* by mail, unless an individual chooses electronic delivery for that one-time request.

## C. LEGISLATIVE HISTORY

### *Background*

H.R. 5306, the Know Your Social Security Act, was introduced on December 5, 2019 and was referred to the Committee on Ways and Means.

<sup>3</sup> *Omnibus Budget Reconciliation Acts of 1990*, P.L. 101–508.

<sup>4</sup> Office of the Inspector General, Social Security Administration (2019). Issuance of Social Security Statements. Available at <https://oig.ssa.gov/sites/default/files/audit/full/pdf/A-03-18-50724.pdf>; and *The 2019 Annual Report of the Board of trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (2019 Trustees Report). Table IV.B3. Available at <https://www.ssa.gov/OACT/TR/2019/tr2019.pdf>.

<sup>5</sup> Office of the Inspector General, Social Security Administration (2019). Issuance of Social Security Statements. Available at <https://oig.ssa.gov/sites/default/files/audit/full/pdf/A-03-18-50724.pdf>.

<sup>6</sup> Smith, B. A. (2015). The Social Security statement: Its contribution to retirement planning. *Journal of Financial Counseling and Planning*, 26(2), 118–128. doi: 10.1891/1052-3073.26.2.118 and Smith, B. A., & Couch, K. A. (2014). How effective is the Social Security statement? Informing younger workers about Social Security. *Social Security Bulletin*, 74(4), 1–19.

<sup>7</sup> Greenwald, M., Kapteyn, A., Mitchell, O. & Schneider, S. (2010). What do people know about Social Security? (Working Paper, WR–792–SSA). Philadelphia, PA: The Wharton School.

### *Committee hearings*

On February 6, 2019 the Committee on Ways and Means held a hearing on “Improving Retirement Security for America’s Workers.” During that hearing, witness Andrew Biggs, Resident Scholar, American Enterprise Institute, discussed the role of the *Statement* in informing workers about the impact of non-covered earnings on their Social Security benefits.

*Statements* were also discussed during the Committee markup on June 26, 2019 of related legislation, H.R. 3417, the Beneficiary Education Tools, Telehealth, and Extenders Reauthorization (BETTER) Act of 2019. That legislation contains a provision requiring that Medicare enrollment information be included with *Statements* sent to persons approaching Medicare eligibility and reiterates the obligation of SSA to mail *Statements* to all eligible workers. During that markup, Ways and Means Ranking Member Kevin Brady discussed the *Statement* as an important financial planning tool and expressed concern about expecting individuals to review it online only. In addition, Representative Vern Buchanan discussed how the BETTER Act restates that SSA must continue to deliver *Statements* by mail and submitted for the record the report by SSA’s Office of the Inspector General on the issuance of mailed *Statements*,<sup>8</sup> while Social Security Subcommittee Chairman John B. Larson discussed the importance of mailing *Statements* to all workers as required by law.

### *Committee action*

The Committee on Ways and Means marked up H.R. 5306, the Know Your Social Security Act of 2019, on December 11, 2019, and ordered the bill, as amended, favorably reported (with a quorum being present) by voice vote.

## II. EXPLANATION OF THE BILL

### A. THE KNOW YOUR SOCIAL SECURITY ACT OF 2019

#### CURRENT LAW<sup>9</sup>

Section 1143 of the Social Security Act requires SSA to send *Statements* on an annual basis to all individuals who are age 25 and older, who are not receiving Social Security benefits based on their own earnings records, and for whom SSA can obtain current mailing addresses.

#### REASONS FOR CHANGE

SSA ceased mailing *Statements* to all workers age 25 and older in Fiscal Year 2011, citing budgetary constraints.<sup>10</sup> Currently, SSA only mails *Statements* to individuals ages 60 and older who are not receiving Social Security. In addition, even among this limited

<sup>8</sup> Office of the Inspector General, Social Security Administration (2019). Issuance of Social Security Statements. Available at <https://oig.ssa.gov/sites/default/files/audit/full/pdf/A-03-18-50724.pdf>

<sup>9</sup> All discussions of Current Law in this report refer to current law as of the date of the markup (*i.e.*, December 11, 2019) and do not reflect any subsequent law changes.

<sup>10</sup> Michael J. Astrue, Commissioner, Social Security Administration (2011). Statement for the Record before the United States Senate, Committee on Appropriations, Subcommittee on Labor, Health and Human Services, Education, and Related Agencies. Available at <https://www.ssa.gov/legislation/SSA%20BudgetTestimony030911.pdf>.

group of seniors, SSA only mails *Statements* to individuals who have not registered for a *mySocialSecurity* online account. In Fiscal Year 2019, SSA mailed *Statements* to only about 15 million workers—out of more than 175 million workers with covered earnings.<sup>11</sup> As a result, the only way for most people to see their *Statement* is to sign up for an online *mySocialSecurity* account and view it on SSA’s website. According to SSA’s Inspector General, relatively few workers view their *Statements* online.<sup>12</sup>

The Committee believes it is imperative that workers 25 and older who have paid into Social Security and are not yet receiving benefits get an annual mailed *Statement*, unless a worker affirmatively chooses electronic delivery for that year. Moreover, the Committee believes that merely registering for an online *mySocialSecurity* account is not a sufficient indication that the individual would not want a mailed copy of their *Statement*. There are many reasons why an individual may register for an online *mySocialSecurity* account, as the portal allows people to check their application status, change their address or direct deposit, and request a replacement Social Security card, among other actions. Therefore, the legislation requires SSA to mail a copy of the *Statement* unless the individual proactively opts for electronic-only access to that year’s *Statement*. The Committee expects SSA will allow an individual with an online *mySocialSecurity* account to set their delivery preferences each year, as situations and preferences can evolve over a person’s lifetime.

Receiving mailed *Statements* helps Americans know their projected benefits to better plan for a financially secure retirement, and helps them understand that Social Security also provides disability protections and survivor benefits. It is an annual reminder that workers have contributed to Social Security and earned benefits they can count on in the future. It also allows workers to review their Social Security earnings record and make corrections promptly to ensure the accuracy of their future Social Security benefits.

Therefore, it is the view of the Committee that *Statements* should be mailed annually to all individuals ages 25 and older with covered earnings who are not receiving Social Security benefits, and for whom SSA can obtain current mailing addresses, unless the worker affirmatively chooses electronic delivery for that year.

#### EXPLANATION OF PROVISIONS

The provision clarifies current law: that the requirement for the Social Security Administration (SSA) to provide annual *Statements* to most taxpayers means providing *Statements* by mail, unless the individual affirmatively chooses electronic delivery for that year; and that SSA may provide an on-demand *Statement* electronically when the requesting individual chooses electronic delivery for that request.

<sup>11</sup> Office of the Inspector General, Social Security Administration (2019). Issuance of Social Security Statements. Available at <https://oig.ssa.gov/sites/default/files/audit/full/pdf/A-03-18-50724.pdf>; and *The 2019 Annual Report of the Board of trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (2019 Trustees Report). Table IV.B3. Available at <https://www.ssa.gov/OACT/TR/2019/tr2019.pdf>.

<sup>12</sup> Office of the Inspector General, Social Security Administration (2019). Issuance of Social Security Statements. Available at [https://oig.ssa.gov/sites/default/files/audit/full/pdf/A\\_03\\_18\\_50724.pdf](https://oig.ssa.gov/sites/default/files/audit/full/pdf/A_03_18_50724.pdf).

## EFFECTIVE DATE

The bill is effective upon enactment.

**III. VOTES OF THE COMMITTEE**

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means during consideration of H.R. 5306, the Know Your Social Security Act of 2019, on December 11, 2019.

The manager's amendment to the amendment in the nature of a substitute offered by Chairman Neal was adopted by a voice vote (with a quorum being present).

The Chairman's amendment in the nature of a substitute, as amended, was adopted by a voice vote (with a quorum being present).

The bill, H.R. 5306, as amended, was ordered favorably reported by voice vote (with a quorum being present).

**IV. BUDGET EFFECTS OF THE BILL**

## A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the bill, H.R. 5306, as reported. The Committee agrees with the estimate prepared by the Congressional Budget Office (CBO), which is included below.

## B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES BUDGET AUTHORITY

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority. The Committee states further that the bill involves no new or increased tax expenditures.

## C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 3(c)(3) of Rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following statement by CBO is provided.

<b>H.R. 5306, Know Your Social Security Act of 2019</b>			
As ordered reported by the House Committee on Ways and Means on December 11, 2019			
By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	1	345	815
Statutory pay-as-you-go procedures apply?	No	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

H.R. 5306 would require the Social Security Administration (SSA) to mail paper statements to all eligible people who are age 25 or older unless they have elected not to receive such notifications. Statements would detail the amount of a recipient's current Social Security retirement or disability benefits and the amount to which dependents would be entitled.

Under current law, SSA mails annual statements to people who are 60 or older, who have not started claiming benefits, and who do not have an online account with SSA. SSA estimates that it will spend \$7 million in fiscal year 2020 to deliver 14 million such statements.

CBO assumes that H.R. 5306 will be enacted in fiscal year 2020. Based on information from SSA, CBO expects that the agency will start sending the additional statements in April 2021, but there would be some administrative costs in 2020 and 2021 to prepare to send them out and to set up the option for people to decline the paper statement.

CBO estimates that under H.R. 5306, SSA would send 140 million more statements in 2022 when the policy is fully phased in. That estimate includes our expectation that about 5 percent of those eligible to receive a paper statement would opt out. CBO's estimate is based on current postal rates and information from SSA. Estimated costs grow over time because postage and printing costs rise and more statements would be mailed as the workforce grows.

CBO estimates that implementing H.R. 5306 would cost \$33 million in 2021 and \$345 million over the 2020–2025 period, assuming appropriation of the necessary amounts.

The costs of the legislation, detailed in Table 1, fall within budget function 650 (Social Security) and are classified as off-budget.

TABLE 1.—ESTIMATED INCREASES IN SPENDING SUBJECT TO APPROPRIATION UNDER H.R. 5306

	By fiscal year, millions of dollars—													
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2020–2025	2020–2030	
Estimated Authoriza- tion .....	1	39	78	81	84	86	89	92	95	98	101	369	844	
Estimated Outlays ....	1	33	68	76	82	85	88	91	94	97	100	345	815	

The CBO staff contact for this estimate is Justin Latus. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

## **V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE**

### **A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS**

With respect to clause 3(c)(1) of rule XIII and clause 2(b)(1) of Rule X of the Rules of the House of Representatives, the Committee made findings and recommendations that are reflected in this report.

### **B. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES**

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill contains no measure that authorizes funding, so no statement of general performance goals and objectives for which any measure authorizes funding is required.

### **C. INFORMATION RELATING TO UNFUNDED MANDATES**

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995 (Pub. L. No. 104–4). The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

### **D. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS**

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill, and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

### **E. DUPLICATION OF FEDERAL PROGRAMS**

In compliance with clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report to Congress pursuant to section 21 of Public Law 111 139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant section 6104 of title 31, United States Code.

### **F. HEARINGS**

In compliance with Sec. 103(i) of H. Res. 6 (116th Congress) the following hearing was used to develop or consider H.R. 5306: “Improving Retirement Security for America’s Workers,” held February 6, 2019.

## VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(B) of rule XIII of the Rules of the House of Representatives, changes in existing law proposed by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

### SOCIAL SECURITY ACT

\* \* \* \* \*

#### TITLE XI—GENERAL PROVISIONS, PEER REVIEW, AND ADMINISTRATIVE SIMPLIFICATION

\* \* \* \* \*

#### PART A—GENERAL PROVISIONS

\* \* \* \* \*

#### SOCIAL SECURITY ACCOUNT STATEMENTS

##### Provision Upon Request

SEC. 1143. (a)(1) Beginning not later than October 1, 1990, the Commissioner of Social Security shall provide upon the request of an eligible individual a social security account statement (hereinafter referred to as the “statement”). *Such statement shall be provided by mail unless the requesting individual chooses electronic delivery for that request.*

(2) Each statement shall contain—

(A) the amount of wages paid to and self-employment income derived by the eligible individual as shown by the records of the Commissioner at the date of the request;

(B) an estimate of the aggregate of the employer, employee, and self-employment contributions of the eligible individual for old-age, survivors, and disability insurance as shown by the records of the Commissioner on the date of the request;

(C) a separate estimate of the aggregate of the employer, employee, and self-employment contributions of the eligible individual for hospital insurance as shown by the records of the Commissioner on the date of the request;

(D) an estimate of the potential monthly retirement, disability, survivor, and auxiliary benefits payable on the eligible individual’s account together with a description of the benefits payable under the medicare program of title XVIII; and

(E) in the case of an eligible individual described in paragraph (3)(C)(ii), an explanation, in language calculated to be understood by the average eligible individual, of the operation of the provisions under sections 202(k)(5) and 215(a)(7) and an explanation of the maximum potential effects of such provisions on the eligible individual's monthly retirement, survivor, and auxiliary benefits.

(3) For purposes of this section, the term "eligible individual" means an individual—

(A) who has a social security account number,

(B) who has attained age 25 or over, and

(C)(i) has wages or net earnings from self-employment, or (ii) with respect to whom the Commissioner has information that the pattern of wages or self-employment income indicate a likelihood of noncovered employment.

#### Notice to Eligible Individuals

(b) The Commissioner shall, to the maximum extent practicable, take such steps as are necessary to assure that eligible individuals are informed of the availability of the statement described in subsection (a).

#### Mandatory Provision of Statements

(c)(1) By not later than September 30, 1995, the Commissioner shall provide a statement to each eligible individual who has attained age 60 by October 1, 1994, and who is not receiving benefits under title II and for whom a current mailing address can be determined through such methods as the Commissioner determines to be appropriate. In fiscal years 1995 through 1999 the Commissioner shall provide a statement to each eligible individual who attains age 60 in such fiscal years and who is not receiving benefits under title II and for whom a current mailing address can be determined through such methods as the Commissioner determines to be appropriate. The Commissioner shall provide with each statement to an eligible individual notice that such statement is updated annually and is available upon request.

(2) **Beginning not later than** (A) *Beginning not later than* October 1, 1999, the Commissioner shall provide *by mail* a statement on an annual basis to each eligible individual who is not receiving benefits under title II and for whom a mailing address can be determined through such methods as the Commissioner determines to be appropriate. With respect to statements provided to eligible individuals who have not attained age 50, such statements need not include estimates of monthly retirement benefits. However, if such statements provided to eligible individuals who have not attained age 50 do not include estimates of retirement benefit amounts, such statements shall include a description of the benefits (including auxiliary benefits) that are available upon retirement.

(B) *In any case in which an eligible individual described in subparagraph (A) responds to an annual inquiry by the Commissioner relating to the mailing of the individual's statement by making an election that such statement for such year be provided in electronic*

*form only, the requirements of this paragraph shall be deemed to be satisfied for such year with respect to the individual.*

**Disclosure to Governmental Employees of Effect of Noncovered Employment**

(d)(1) In the case of any individual commencing employment on or after January 1, 2005, in any agency or instrumentality of any State (or political subdivision thereof, as defined in section 218(b)(2)) in a position in which service performed by the individual does not constitute "employment" as defined in section 210, the head of the agency or instrumentality shall ensure that, prior to the date of the commencement of the individual's employment in the position, the individual is provided a written notice setting forth an explanation, in language calculated to be understood by the average individual, of the maximum effect on computations of primary insurance amounts (under section 215(a)(7)) and the effect on benefit amounts (under section 202(k)(5)) of monthly periodic payments or benefits payable based on earnings derived in such service. Such notice shall be in a form which shall be prescribed by the Commissioner of Social Security.

(2) The written notice provided to an individual pursuant to paragraph (1) shall include a form which, upon completion and signature by the individual, would constitute certification by the individual of receipt of the notice. The agency or instrumentality providing the notice to the individual shall require that the form be completed and signed by the individual and submitted to the agency or instrumentality and to the pension, annuity, retirement, or similar fund or system established by the governmental entity involved responsible for paying the monthly periodic payments or benefits, before commencement of service with the agency or instrumentality.

\* \* \* \* \*

