

105TH CONGRESS
1ST SESSION

H. R. 2669

To amend the Social Security Act to provide simplified and accurate information on the social security trust funds, and personal earnings and benefit estimates to eligible individuals.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 9, 1997

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

A BILL

To amend the Social Security Act to provide simplified and accurate information on the social security trust funds, and personal earnings and benefit estimates to eligible individuals.

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 “Social Security Informa-
5 tion Act of 1997”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

1 (1) information regarding the solvency of the
2 social security trust funds, and personal earnings
3 and benefits estimates is vital for working Ameri-
4 cans to plan a financially secure retirement;

5 (2) over the next 35 years, the number of
6 American people age 65 and older will double, while
7 the number of people age 20 to 64 will increase by
8 only 20 percent, and these demographic changes will
9 have a significant impact on the future of the social
10 security system;

11 (3) simplified and accurate information regard-
12 ing the social security system is needed to enable
13 working Americans to understand and adjust to
14 those demographic changes;

15 (4) More than 50 percent of the workers in the
16 United States do not have a pension and that per-
17 centage is increasing for younger age groups, 50
18 percent of families in the United States have less
19 than \$1,000 in net financial assets, and the median
20 amount of savings among adults who are in their
21 late 50s, the age of a worker facing immediate re-
22 tirement, is still less than \$10,000;

23 (5) lack of information has, in part, caused
24 poor financial planning for future retirement, result-
25 ing in insufficient savings;

1 (6) the General Accounting Office reports that
2 the Personal Earnings and Benefits Estimate State-
3 ments (PEBES) initiative is an important step to-
4 ward better informing the public about the programs
5 and benefits under the social security system, but
6 extensive revisions to the PEBES are needed to en-
7 sure better understanding of that system and effec-
8 tive communication to the general public about that
9 system; and

10 (7) public awareness of the long-term financial
11 soundness of the social security system will facilitate
12 necessary reform of that system and increase public
13 confidence in the system.

14 **SEC. 3. PURPOSES.**

15 The purposes of this Act are—

16 (1) to require the Commissioner of Social Secu-
17 rity to provide simple and accurate information on
18 the fiscal status of the social security trust funds
19 and on the personal earnings and benefits estimates
20 of all eligible individuals in order to allow working
21 Americans to better plan their retirement;

22 (2) to prohibit the use of any message or design
23 relating to such information that may mislead or
24 confuse the general public; and

1 (3) to build public confidence in the social secu-
 2 rity system through the requirement of full disclo-
 3 sure and increased awareness of the fiscal soundness
 4 of the system.

5 **SEC. 4. INFORMATION REQUIREMENTS FOR STATEMENTS.**

6 (a) INFORMATION REQUIREMENTS FOR SOCIAL SE-
 7 curity ACCOUNT STATEMENT.—Section 1143(a) of the
 8 Social Security Act (42 U.S.C. 1320b–13(a)) is amend-
 9 ed—

10 (1) in paragraph (2)—

11 (A) in subparagraph (B), by inserting
 12 “, including a separate estimate of the amount
 13 of interest earned on the contributions,” after
 14 “disability insurance”;

15 (B) in subparagraph (C)—

16 (i) by inserting “, including a separate
 17 estimate of the amount of interest earned
 18 on the contributions,” after “hospital in-
 19 surance”; and

20 (ii) by striking “and” after the semi-
 21 colon;

22 (C) in subparagraph (D), by striking the
 23 period at the end and inserting a semicolon;

1 (D) by redesignating subparagraphs (A),
2 (B), (C), and (D) as subparagraphs (B), (C),
3 (D), and (E), respectively;

4 (E) by inserting after the matter preceding
5 subparagraph (B), as redesignated by subpara-
6 graph (D), the following:

7 “(A) the name, age, gender, mailing ad-
8 dress, and marital status of the eligible individ-
9 ual;”;

10 (F) by adding at the end the following:

11 “(F) the total amount of the employer and
12 employee contributions for the eligible individ-
13 ual for old-age and survivors insurance benefits,
14 as of the end of the month preceding the date
15 of the statement, in both actual dollars and dol-
16 lars adjusted for inflation;

17 “(G) the projected value of—

18 “(i) the aggregate amount of the em-
19 ployer and employee contributions for old-
20 age and survivors insurance benefits that
21 are expected to be made by or on behalf of
22 the individual prior to the individual at-
23 taining retirement age, in both actual dol-
24 lars and dollars adjusted for inflation;

1 “(ii) the annual amount of old-age
2 and survivors insurance benefits that are
3 expected to be payable on the eligible indi-
4 vidual’s account for a single individual and
5 for a married couple, in dollars adjusted
6 for inflation;

7 “(iii) the total amount of old-age and
8 survivors insurance benefits payable on the
9 eligible individual’s account for the individ-
10 ual’s life expectancy, in dollars adjusted
11 for inflation, identifying—

12 “(I) the life expectancy assumed;

13 “(II) the amount of benefits re-
14 ceived on the basis of each \$1 of con-
15 tributions made by or on behalf of the
16 individual; and

17 “(III) the projected annual rate
18 of return for the individual, taking
19 into account the date on which the
20 contributions are made in the eligible
21 individual’s account and the date on
22 which the benefits are paid;

23 “(iv) the total amount of old-age and
24 survivors insurance benefits that would
25 have accumulated on the eligible individ-

1 ual’s account on the date on which the in-
2 dividual attains retirement age if the con-
3 tributions for such individual had been in-
4 vested in Treasury 10-year saving bonds at
5 the prevailing interest rate for such bonds
6 as of the end of the month preceding the
7 date of the statement, in dollars adjusted
8 for inflation, identifying—

9 “(I) the date of retirement as-
10 sumed;

11 “(II) the interest rate used for
12 the projection; and

13 “(III) the amount that would be
14 received on the basis of each \$1 of
15 contributions made by or on behalf of
16 the individual;

17 “(H) the average annual rate of return,
18 adjusted for inflation, on the Treasury 10-year
19 saving bond as of the date of the statement;

20 “(I) the average annual rate of return, ad-
21 justed for inflation, on the Standard and Poor’s
22 500, or an equivalent portfolio of common stock
23 equities that are based on a broad index of
24 United States market performance, for the pre-
25 ceding 25 years;

1 “(J) a brief statement that identifies—

2 “(i) the balance of the trust fund ac-
3 counts as of the end of the month preced-
4 ing the date of the statement;

5 “(ii) the annual estimated balance of
6 the trust fund accounts for each of the
7 succeeding 30 years; and

8 “(iii) the assumptions used to provide
9 the information described in clauses (i)
10 and (ii), including the rates of return and
11 the nature of the investments of such trust
12 fund accounts; and

13 “(K) a simple 1-page summary and com-
14 parison of the information that is provided to
15 an eligible individual under subparagraphs (G),
16 (H), and (I).”; and

17 (2) by striking paragraph (3) and inserting the
18 following:

19 “(3) The estimated amounts required to be pro-
20 vided in a statement under this section shall be de-
21 termined by the Commissioner using a general meth-
22 odology for making such estimates, as formulated
23 and published at the beginning of each calendar year
24 by the Board of Trustees of the trust fund accounts.
25 A description of the general methodology used shall

1 be provided to the eligible individual as part of the
2 statement required under this section.

3 “(4) The Commissioner of Social Security shall
4 notify an individual who receives a social security ac-
5 count statement under this section that the individ-
6 ual may request that the information described in
7 paragraph (2) be determined on the basis of relevant
8 information provided by the individual, including in-
9 formation regarding the individual’s income, marital
10 status, date of retirement, or race.

11 “(5) For purposes of this section—

12 “(A) the term ‘dollars adjusted for infla-
13 tion’ means—

14 “(i) dollars in constant or real value
15 terms on the date on which the statement
16 is issued; and

17 “(ii) an amount that is adjusted on
18 the basis of the Consumer Price Index.

19 “(B) the term ‘eligible individual’ means
20 an individual who—

21 “(i) has a social security account
22 number;

23 “(ii) has attained age 25 or over; and

24 “(iii) has wages or net earnings from
25 self-employment; and

1 “(C) the term ‘trust fund account’
2 means—
3 “(i) the Federal Old-Age and Survi-
4 vors insurance Trust Fund; and
5 “(ii) the Federal Disability Insurance
6 Trust Fund.”.

7 (b) MANDATORY PROVISION OF STATEMENTS.—Sec-
8 tion 1143(c)(2) of the Social Security Act (42 U.S.C.
9 1320b–13(c)(2)) is amended by striking “With respect to”
10 and all that follows.

11 (c) TECHNICAL AMENDMENTS.—Section 1143 of the
12 Social Security Act (42 U.S.C. 1320b–13) is amended by
13 striking “Secretary” each place it appears and inserting
14 “Commissioner of Social Security”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this Act shall apply to statements provided for fiscal years
17 beginning after the date of enactment of this Act.

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