

105TH CONGRESS  
1ST SESSION

# S. 1145

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.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 3, 1997

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

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## 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          irement, 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           wards better informing the public about the pro-  
5           grams and benefits under the social security system,  
6           but extensive revisions to the PEBES are needed to  
7           ensure better understanding of that system and ef-  
8           fective communication to the general public about  
9           that 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 of  
 13                   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 address,  
8 and marital status of the eligible individual;”;

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

10 “(F) the total amount of the employer and em-  
11 ployee contributions for the eligible individual for  
12 old-age and survivors insurance benefits, as of the  
13 end of the month preceding the date of the state-  
14 ment, in both actual dollars and dollars adjusted for  
15 inflation;

16 “(G) the projected value of—

17 “(i) the aggregate amount of the employer  
18 and employee contributions for old-age and sur-  
19 vivors insurance benefits that are expected to be  
20 made by or on behalf of the individual prior to  
21 the individual attaining retirement age, in both  
22 actual dollars and dollars adjusted for inflation;

23 “(ii) the annual amount of old-age and  
24 survivors insurance benefits that are expected  
25 to be payable on the eligible individual’s ac-

count for a single individual and for a married couple, in dollars adjusted for inflation;

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

“(I) the life expectancy assumed;

“(II) the amount of benefits received on the basis of each \$1 of contributions made by or on behalf of the individual; and

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

“(iv) the total amount of old-age and survivors insurance benefits that would have accumulated on the eligible individual’s account on the date on which the individual attains retirement age if the contributions for such individual had been invested in Treasury 10-year saving bonds at the prevailing interest rate for such bonds as of the end of the month preced-

1           ing the date of the statement, in dollars ad-  
2           justed for inflation, identifying—

3                   “(I) the date of retirement assumed;

4                   “(II) the interest rate used for the  
5                   projection; and

6                   “(III) the amount that would be re-  
7                   ceived on the basis of each \$1 of contribu-  
8                   tions made by or on behalf of the individ-  
9                   ual;

10                  “(H) the average annual rate of return, ad-  
11                  justed for inflation, on the Treasury 10-year saving  
12                  bond as of the date of the statement;

13                  “(I) the average annual rate of return, adjusted  
14                  for inflation, on the Standard and Poor’s 500, or an  
15                  equivalent portfolio of common stock equities that  
16                  are based on a broad index of United States market  
17                  performance, for the preceding 25 years;

18                  “(J) a brief statement that identifies—

19                   “(i) the balance of the trust fund accounts  
20                   as of the end of the month preceding the date  
21                   of the statement;

22                   “(ii) the annual estimated balance of the  
23                   trust fund accounts for each of the succeeding  
24                   30 years; and

1                   “(iii) the assumptions used to provide the  
2                   information described in clauses (i) and (ii), in-  
3                   cluding the rates of return and the nature of  
4                   the investments of such trust fund accounts;  
5                   and

6                   “(K) a simple 1-page summary and comparison  
7                   of the information that is provided to an eligible in-  
8                   dividual under subparagraphs (G), (H), and (I).”;  
9                   and

10                  (2) by striking paragraph (3) and inserting the  
11                  following:

12                  “(3) The estimated amounts required to be provided  
13                  in a statement under this section shall be determined by  
14                  the Commissioner using a general methodology for making  
15                  such estimates, as formulated and published at the begin-  
16                  ning of each calendar year by the Board of Trustees of  
17                  the trust fund accounts. A description of the general meth-  
18                  odology used shall be provided to the eligible individual  
19                  as part of the statement required under this section.

20                  “(4) The Commissioner of Social Security shall notify  
21                  an individual who receives a social security account state-  
22                  ment under this section that the individual may request  
23                  that the information described in paragraph (2) be deter-  
24                  mined on the basis of relevant information provided by the  
25                  individual, including information regarding the individ-



1 ual’s future income, marital status, date of retirement, or  
 2 race.

3 “(5) For purposes of this section—

4 “(A) the term ‘dollars adjusted for inflation’  
 5 means—

6 “(i) dollars in constant or real value terms  
 7 on the date on which the statement is issued;  
 8 and

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

11 “(B) the term ‘eligible individual’ means an in-  
 12 dividual who—

13 “(i) has a social security account number;

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

15 “(iii) has wages or net earnings from self-  
 16 employment; and

17 “(C) the term ‘trust fund account’ means—

18 “(i) the Federal Old-Age and Survivors In-  
 19 surance Trust Fund; and

20 “(ii) the Federal Disability Insurance  
 21 Trust Fund.”.

22 (b) MANDATORY PROVISION OF STATEMENTS.—Sec-  
 23 tion 1143(c)(2) of the Social Security Act (42 U.S.C.  
 24 1320b–13(c)(2)) is amended by striking “With respect to”  
 25 and all that follows.

1       (c) TECHNICAL AMENDMENT.—Section 1143 of the  
2 Social Security Act (42 U.S.C. 1320b–13) is amended by  
3 striking “Secretary” each place it appears and inserting  
4 “Commissioner of Social Security”.

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

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