

108TH CONGRESS
1ST SESSION

H. R. 97

To amend title II of the Social Security Act to allow workers who attain age 65 after 1981 and before 1992 to choose either lump sum payments over four years totalling \$5,000 or an improved benefit computation formula under a new 10-year rule governing the transition to the changes in benefit computation rules enacted in the Social Security Amendments of 1977, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 2003

Mr. HALL (for himself and Mr. WEXLER) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act to allow workers who attain age 65 after 1981 and before 1992 to choose either lump sum payments over four years totalling \$5,000 or an improved benefit computation formula under a new 10-year rule governing the transition to the changes in benefit computation rules enacted in the Social Security Amendments of 1977, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Notch Fairness Act
3 of 2003”.

4 **SEC. 2. NEW GUARANTEED MINIMUM PRIMARY INSURANCE**
5 **AMOUNT WHERE ELIGIBILITY ARISES DUR-**
6 **ING TRANSITIONAL PERIOD.**

7 (a) IN GENERAL.—Section 215(a) of the Social Secu-
8 rity Act is amended—

9 (1) in paragraph (4)(B), by inserting “(with or
10 without the application of paragraph (8))” after
11 “would be made”, and by striking “1984” in clause
12 (i) and inserting “1989”; and

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

14 “(8)(A) In the case of an individual described in
15 paragraph (4)(B) (subject to subparagraphs (F) and (G)
16 of this paragraph), the amount of the individual’s primary
17 insurance amount as computed or recomputed under para-
18 graph (1) shall be deemed equal to the sum of—

19 “(i) such amount, and

20 “(ii) the applicable transitional increase amount
21 (if any).

22 “(B) For purposes of subparagraph (A)(ii), the term
23 ‘applicable transitional increase amount’ means, in the
24 case of any individual, the product derived by multi-
25 plying—

26 “(i) the excess under former law, by

1 “(ii) the applicable percentage in relation to the
 2 year in which the individual becomes eligible for old-
 3 age insurance benefits, as determined by the fol-
 4 lowing table:

“If the individual becomes eligible for such benefits in:	The applicable percentage is:
1979	55 percent
1980	45 percent
1981	35 percent
1982	32 percent
1983	25 percent
1984	20 percent
1985	16 percent
1986	10 percent
1987	3 percent
1988	5 percent.

5 “(C) For purposes of subparagraph (B), the term ‘ex-
 6 cess under former law’ means, in the case of any indi-
 7 vidual, the excess of—

8 “(i) the applicable former law primary insur-
 9 ance amount, over

10 “(ii) the amount which would be such individ-
 11 ual’s primary insurance amount if computed or re-
 12 computed under this section without regard to this
 13 paragraph and paragraphs (4), (5), and (6).

14 “(D) For purposes of subparagraph (C)(i), the term
 15 ‘applicable former law primary insurance amount’ means,
 16 in the case of any individual, the amount which would be
 17 such individual’s primary insurance amount if it were—

1 “(i) computed or recomputed (pursuant to
2 paragraph (4)(B)(i)) under section 215(a) as in ef-
3 fect in December 1978, or

4 “(ii) computed or recomputed (pursuant to
5 paragraph (4)(B)(ii)) as provided by subsection (d),
6 (as applicable) and modified as provided by subparagraph
7 (E).

8 “(E) In determining the amount which would be an
9 individual’s primary insurance amount as provided in sub-
10 paragraph (D)—

11 “(i) subsection (b)(4) shall not apply;

12 “(ii) section 215(b) as in effect in December
13 1978 shall apply, except that section 215(b)(2)(C)
14 (as then in effect) shall be deemed to provide that
15 an individual’s ‘computation base years’ may include
16 only calendar years in the period after 1950 (or
17 1936 if applicable) and ending with the calendar
18 year in which such individual attains age 61, plus
19 the 3 calendar years after such period for which the
20 total of such individual’s wages and self-employment
21 income is the largest; and

22 “(iii) subdivision (I) in the last sentence of
23 paragraph (4) shall be applied as though the words
24 ‘without regard to any increases in that table’ in

1 such subdivision read ‘including any increases in
2 that table’.

3 “(F) This paragraph shall apply in the case of any
4 individual only if such application results in a primary in-
5 surance amount for such individual that is greater than
6 it would be if computed or recomputed under paragraph
7 (4)(B) without regard to this paragraph.

8 “(G)(i) This paragraph shall apply in the case of any
9 individual subject to any timely election to receive lump
10 sum payments under this subparagraph.

11 “(ii) A written election to receive lump sum payments
12 under this subparagraph, in lieu of the application of this
13 paragraph to the computation of the primary insurance
14 amount of an individual described in paragraph (4)(B),
15 may be filed with the Commissioner of Social Security in
16 such form and manner as shall be prescribed in regula-
17 tions of the Commissioner. Any such election may be filed
18 by such individual or, in the event of such individual’s
19 death before any such election is filed by such individual,
20 by any other beneficiary entitled to benefits under section
21 202 on the basis of such individual’s wages and self-em-
22 ployment income. Any such election filed after December
23 31, 2003, shall be null and void and of no effect.

1 “(iii) Upon receipt by the Commissioner of a timely
2 election filed by the individual described in paragraph
3 (4)(B) in accordance with clause (ii)—

4 “(I) the Commissioner shall certify receipt of
5 such election to the Secretary of the Treasury, and
6 the Secretary of the Treasury, after receipt of such
7 certification, shall pay such individual, from
8 amounts in the Federal Old-Age and Survivors In-
9 surance Trust Fund, a total amount equal to
10 \$5,000, in 4 annual lump sum installments of
11 \$1,250, the first of which shall be made during fis-
12 cal year 2004 not later than July 1, 2004, and

13 “(II) subparagraph (A) shall not apply in deter-
14 mining such individual’s primary insurance amount.

15 “(iv) Upon receipt by the Commissioner as of Decem-
16 ber 31, 2003, of a timely election filed in accordance with
17 clause (ii) by at least one beneficiary entitled to benefits
18 on the basis of the wages and self-employment income of
19 a deceased individual described in paragraph (4)(B), if
20 such deceased individual has filed no timely election in ac-
21 cordance with clause (ii)—

22 “(I) the Commissioner shall certify receipt of all
23 such elections received as of such date to the Sec-
24 retary of the Treasury, and the Secretary of the
25 Treasury, after receipt of such certification, shall

1 pay each beneficiary filing such a timely election,
 2 from amounts in the Federal Old-Age and Survivors
 3 Insurance Trust Fund, a total amount equal to
 4 \$5,000 (or, in the case of 2 or more such bene-
 5 ficiaries, such amount distributed evenly among such
 6 beneficiaries), in 4 equal annual lump sum install-
 7 ments, the first of which shall be made during fiscal
 8 year 2004 not later than July 1, 2004, and

9 “(II) solely for purposes of determining the
 10 amount of such beneficiary’s benefits, subparagraph
 11 (A) shall be deemed not to apply in determining the
 12 deceased individual’s primary insurance amount.”.

13 (b) EFFECTIVE DATE AND RELATED RULES.—

14 (1) APPLICABILITY OF AMENDMENTS.—

15 (A) IN GENERAL.—Except as provided in
 16 paragraph (2), the amendments made by this
 17 Act shall be effective as though they had been
 18 included or reflected in section 201 of the So-
 19 cial Security Amendments of 1977.

20 (B) APPLICABILITY.—No monthly benefit
 21 or primary insurance amount under title II of
 22 the Social Security Act shall be increased by
 23 reason of such amendments for any month be-
 24 fore July 2004.

1 (2) RECOMPUTATION TO REFLECT BENEFIT IN-
2 CREASES.—In any case in which an individual is en-
3 titled to monthly insurance benefits under title II of
4 the Social Security Act for June 2004, if such bene-
5 fits are based on a primary insurance amount com-
6 puted—

7 (A) under section 215 of such Act as in ef-
8 fect (by reason of the Social Security Amend-
9 ments of 1977) after December 1978, or

10 (B) under section 215 of such Act as in ef-
11 fect prior to January 1979 by reason of sub-
12 section (a)(4)(B) of such section (as amended
13 by the Social Security Amendments of 1977),
14 the Commissioner of Social Security (notwith-
15 standing section 215(f)(1) of the Social Security
16 Act) shall recompute such primary insurance
17 amount so as to take into account the amendments
18 made by this Act.

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