

108TH CONGRESS
1ST SESSION

S. 1878

To amend title II of the Social Security Act to preserve and strengthen the Social Security program through the creation of personal retirement accounts funded by employer and employee Social Security payroll deductions, to restore the solvency of the old-age survivors, and disability insurance programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 18, 2003

Mr. GRAHAM of South Carolina introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title II of the Social Security Act to preserve and strengthen the Social Security program through the creation of personal retirement accounts funded by employer and employee Social Security payroll deductions, to restore the solvency of the old-age survivors, and disability insurance programs, 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,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Social Security Solvency and Modernization Act of
6 2003”.

- 1 (b) TABLE OF CONTENTS.—The table of contents of
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—PERSONAL RETIREMENT ACCOUNTS

Subtitle A—Amendments Related to Title II of the Social Security Act

- Sec. 101. Personal retirement accounts.
 Sec. 102. CPI-indexed benefits for part B eligible individuals not in supplemental contribution coverage.
 Sec. 103. Adjustments to primary insurance amounts under part A of title II of the Social Security Act for eligible individuals with personal retirement accounts.
 Sec. 104. Minimum social security benefit.
 Sec. 105. Treatment of disabled beneficiaries.

Subtitle B—Amendments Related to the Internal Revenue Code of 1986

- Sec. 111. Modification of FICA rates.
 Sec. 112. Matching contributions.
 Sec. 113. Tax treatment of personal retirement accounts.

TITLE II—SOCIAL SECURITY FINANCIAL SUSTAINABILITY

Subtitle A—Commission on the Review of Federal Agencies and Programs

- Sec. 201. Establishment of commission.
 Sec. 202. Duties of the commission.
 Sec. 203. Powers of the commission.
 Sec. 204. Commission personnel matters.
 Sec. 205. Congressional consideration of reform proposals.
 Sec. 206. Transfer of 1.25 percent of taxable payroll to social security.
 Sec. 207. Authorization of appropriations.

Subtitle B—Other Sustainability Provisions

- Sec. 211. Reduction in the amount of certain transfers to medicare trust fund.
 Sec. 212. Mechanism for remedying unforeseen deterioration in social security solvency.

TITLE III—ADJUSTMENTS FOR WIDOWS' AND WIDOWERS' INSURANCE BENEFITS

- Sec. 301. Adjustments for widows' and widowers' insurance benefits.

TITLE IV—INVESTOR EDUCATION PROGRAMS

- Sec. 401. Establishment of the commission to strengthen financial education programs.
 Sec. 402. Duties of the commission.
 Sec. 403. Powers of the commission.
 Sec. 404. Commission personnel matters.
 Sec. 405. Termination of the commission.
 Sec. 406. Authorization of appropriations.

1 **TITLE I—PERSONAL**
 2 **RETIREMENT ACCOUNTS**
 3 **Subtitle A—Amendments Related**
 4 **to Title II of the Social Security**
 5 **Act**

6 **SEC. 101. PERSONAL RETIREMENT ACCOUNTS.**

7 (a) ESTABLISHMENT AND MAINTENANCE OF PER-
 8 SONAL RETIREMENT ACCOUNTS.—Title II of the Social
 9 Security Act (42 U.S.C. 401 et seq.) is amended—

10 (1) by inserting before section 201 the fol-
 11 lowing:

12 “PART A—INSURANCE BENEFITS”;

13 and

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

15 “PART B—PERSONAL RETIREMENT ACCOUNTS

16 “PERSONAL RETIREMENT ACCOUNTS

17 “SEC. 251. (a) ESTABLISHMENT.—

18 “(1) IN GENERAL.—Within 30 days after re-
 19 ceiving the first contribution under subsection (b)
 20 with respect to an eligible individual, the Personal
 21 Retirement Account Board shall establish a feder-
 22 ally-administered personal retirement account for
 23 such individual in the Personal Retirement Account
 24 Fund. Each account shall be identified to the ac-

1 count holder by means of the account holder's social
2 security account number.

3 “(2) ELIGIBLE INDIVIDUAL.—For purposes of
4 this part, the term ‘eligible individual’ means any in-
5 dividual born after December 31, 1949.

6 “(b) CONTRIBUTIONS.—

7 “(1) AMOUNTS TRANSFERRED FROM THE
8 TRUST FUND.—The Secretary of the Treasury shall
9 transfer from the Federal Old-Age and Survivors In-
10 surance Trust Fund, for crediting by the Personal
11 Retirement Account Board to the personal retire-
12 ment account of an eligible individual, an amount
13 equal to the sum of any amount received by the Sec-
14 retary on behalf of such individual under section
15 3101(a)(2) or 1401(a)(2) of the Internal Revenue
16 Code of 1986.

17 “(2) OTHER CONTRIBUTIONS.—For provisions
18 relating to additional contributions credited to per-
19 sonal retirement accounts, see section 6402(l) of the
20 Internal Revenue Code of 1986.

21 “(c) CREDITING REQUIREMENTS.—Except as other-
22 wise provided in section 253, contributions under sub-
23 section (b) on behalf of an eligible individual shall be cred-
24 ited—

1 “(1) to the personal retirement account estab-
 2 lished for such individual under subsection (a); and

3 “(2) in accordance with the allocation in effect
 4 with respect to such individual under subsection (d).

5 “(d) ALLOCATION AND OTHER DESIGNATIONS.—

6 “(1) IN GENERAL.—Not later than June 1,
 7 2005, the Personal Retirement Account Board shall
 8 prescribe regulations in accordance with which, once
 9 per year, any eligible individual who is employed or
 10 self-employed may designate—

11 “(A)(i) the fund or funds to which such in-
 12 dividual wishes to have such individual’s con-
 13 tributions under subsection (b) credited; and

14 “(ii) if such individual designates more
 15 than 1 fund under clause (i), how such indi-
 16 vidual wishes for those contributions to be allo-
 17 cated; and

18 “(B) the amount of wages or self-employ-
 19 ment income such individual wishes to des-
 20 ignate for purposes of section 3101(a)(2)(B) or
 21 1401(a)(2)(B) of the Internal Revenue Code of
 22 1986 (as applicable), if any.

23 “(2) DEFAULT ALLOCATION.—In the absence of
 24 a required designation under paragraph (1)(A), con-
 25 tributions on behalf of the eligible individual involved

1 shall be allocated to the medium-risk balanced index
 2 fund described in section 261(b)(1)(B).

3 “(3) FORM OF DESIGNATION.—Any designation
 4 under paragraph (1) shall be made in such manner
 5 as the Personal Retirement Account Board may pre-
 6 scribe in order to ensure ease of administration and
 7 to avoid creating an undue burden on employers.

8 “(e) PERIODIC STATEMENTS AND ACCOUNT INFOR-
 9 MATION.—

10 “(1) IN GENERAL.—The Personal Retirement
 11 Account Board shall prescribe regulations under
 12 which each eligible individual for whom a personal
 13 retirement account is maintained under this section
 14 shall be furnished with—

15 “(A) an annual statement relating to such
 16 individual’s account, including, for any report-
 17 ing period as of the end of which such individ-
 18 ual’s account balance is at least equal to the
 19 minimum balance amount (within the meaning
 20 of section 253), clear and conspicuous notice to
 21 that effect;

22 “(B) a summary description of any invest-
 23 ment options or other choices which may be
 24 available to such individual under this part; and

1 “(C) any forms and information necessary
2 to make a designation under subsection (d) or
3 section 253 (as applicable).

4 “(2) ACCOUNT ACCESS.—The Personal Retirement
5 Account Board shall prescribe regulations
6 under which eligible individuals may obtain account
7 information through—

8 “(A) the Internet; and

9 “(B) an automatic calling system.

10 “PERSONAL RETIREMENT ACCOUNT ELECTION

11 “SEC. 252. (a) IN GENERAL.—

12 “(1) ELECTION.—Not later than the date on
13 which an eligible individual attains the age of 26,
14 such individual shall elect—

15 “(A) a personal retirement account; or

16 “(B) part A coverage only.

17 Any election made under this paragraph shall be ir-
18 revocable.

19 “(2) SPECIAL RULES.—

20 “(A) INDIVIDUALS BORN BEFORE JANUARY
21 1, 1979.—In the case of an eligible individual
22 born before January 1, 1979, the election under
23 paragraph (1) shall be made not later than Sep-
24 tember 30, 2005.

25 “(B) OTHER INDIVIDUALS.—In the case of
26 any eligible individual to whom subparagraph

1 (A) or paragraph (1) does not apply, the Per-
 2 sonal Retirement Account Board shall prescribe
 3 regulations regarding the election under para-
 4 graph (1).

5 “(3) NO ELECTION.—If an eligible individual
 6 has not made an election under this subsection such
 7 individual shall be deemed to have elected a personal
 8 retirement account.

9 “(4) EFFECTIVE DATE OF ELECTION.—

10 “(A) IN GENERAL.—Except as provided in
 11 subparagraph (B), any election made under this
 12 section shall be effective on the date that is 60
 13 days after which such election is made.

14 “(B) INDIVIDUALS BORN BEFORE JANU-
 15 ARY 1, 1979.—Any election made pursuant to
 16 paragraph (2)(A) shall be effective on January
 17 1, 2006.

18 “(b) PERSONAL RETIREMENT ACCOUNT.—In the
 19 case of any eligible individual who elects a personal retire-
 20 ment account, the Personal Retirement Account Board
 21 shall maintain the personal retirement account established
 22 under section 251 for such individual in accordance with
 23 the requirements of this part.

24 “(c) PART A COVERAGE.—

1 “(1) IN GENERAL.—In the case of any eligible
2 individual who elects part A coverage only—

3 “(A) such individual shall be covered under
4 part A of this title only and shall not have a
5 personal retirement account; and

6 “(B) the Chairman shall transfer any
7 amount in such individual’s personal retirement
8 account—

9 “(i) to an individual retirement ac-
10 count (within the meaning of section 408
11 of the Internal Revenue Code of 1986) es-
12 tablished for the benefit of such individual;
13 or

14 “(ii) at the election of such individual
15 under regulations established by the Chair-
16 man, to an existing individual retirement
17 account of such individual.

18 “(2) FURTHER ELECTION.—An eligible indi-
19 vidual who elects part A coverage only shall make a
20 further election of—

21 “(A) basic benefit coverage under part A
22 (as amended by section 102 of the Social Secu-
23 rity Solvency and Modernization Act of 2003);
24 or

25 “(B) supplemental contribution coverage.

“(3) SUPPLEMENTAL CONTRIBUTION COVERAGE
OASDI TAX RATE.—For the old-age, survivors, and
disability insurance tax rate for eligible individuals
who select the supplemental contribution coverage
under paragraph (2), see section 3101(a)(1)(B)(iii)
of the Internal Revenue Code of 1986.

7 “(4) BASIC BENEFIT COVERAGE PIA AMOUNT.—
8 For the primary insurance amount under part A for
9 eligible individuals who select basic benefit coverage,
10 see section 215(a)(1)(B)(iii).

11 “PRIVATELY-ADMINISTERED PERSONAL RETIREMENT
12 ACCOUNTS

13 “SEC. 253. (a) DEFINITIONS.—For purposes of this
14 part—

15 “(1) MINIMUM DEPOSIT AMOUNT.—The term
16 ‘minimum deposit amount’ means an amount equal
17 to \$10,000.

18 “(2) PERSONAL RETIREMENT ACCOUNT.—The
19 term ‘personal retirement account’ means a federally
20 administered personal retirement account and a pri-
21 vately-administered personal retirement account.

22 “(3) FEDERALLY-ADMINISTERED PERSONAL
23 RETIREMENT ACCOUNT.—The term ‘federally-admin-
24 istered personal retirement account’ means a per-
25 sonal retirement account maintained, in accordance

1 with applicable provisions of this section 251, in the
 2 Personal Retirement Account Fund.

3 “(4) PRIVATELY-ADMINISTERED PERSONAL RE-
 4 TIREMENT ACCOUNT.—The term ‘privately-adminis-
 5 tered personal retirement account’ means a personal
 6 retirement account maintained, in accordance with
 7 applicable provisions of this section, by a certified
 8 institution.

9 “(5) CERTIFIED INSTITUTION.—The term ‘cer-
 10 tified institution’ refers to an investment firm, credit
 11 union, insurance company, or other certified institu-
 12 tion under subpart 3.

13 “(b) OPTION TO DESIGNATE A PRIVATELY-ADMINIS-
 14 TERED PERSONAL RETIREMENT ACCOUNT.—

15 “(1) IN GENERAL.—Under regulations pre-
 16 scribed by the Personal Retirement Account Board,
 17 whenever the balance in an eligible individual’s fed-
 18 erally-administered personal retirement account is at
 19 least equal to the minimum deposit amount, such in-
 20 dividual shall be eligible to designate a privately-ad-
 21 ministered personal retirement account (established
 22 and maintained on such individual’s behalf) to serve
 23 as such individual’s personal retirement account
 24 under this part, in lieu of such individual’s federally-
 25 administered personal retirement account.

1 “(2) EFFECT OF DESIGNATION.—If an eligible
2 individual makes a designation under paragraph
3 (1)—

4 “(A) the entire balance in such individual’s
5 federally-administered personal retirement ac-
6 count shall be promptly transferred to the pri-
7 vately-administered personal retirement account
8 specified by such individual in such designation;
9 and

10 “(B) that privately-administered personal
11 retirement account shall, for all purposes, be
12 treated as the electing individual’s personal re-
13 tirement account, subject to paragraph (4).

14 “(3) INFORMATION REQUIRED TO BE IN-
15 CLUDED.—A designation under this subsection shall
16 not be effective unless it is made in such time, form,
17 and manner as the Personal Retirement Account
18 Board prescribes.

19 “(4) SUBSEQUENT DESIGNATIONS.—The Per-
20 sonal Retirement Account Board shall provide by
21 regulation opportunity for subsequent designation,
22 once per year, of another personal retirement ac-
23 count in lieu of the account previously designated
24 under this section, subject to the following:

1 “(A) OPTIONS AVAILABLE.—The account
2 designated under this paragraph may be either
3 within—

4 “(i) another certified institution, sub-
5 ject to subparagraph (B); or

6 “(ii) the Personal Retirement Account
7 Fund.

8 “(B) MINIMUM BALANCE.—In order to
9 make a designation referred to in subparagraph
10 (A)(i), the balance in the eligible individual’s
11 personal retirement account must be at least
12 equal to the minimum deposit amount. No min-
13 imum balance requirement under this subpara-
14 graph shall apply in the case of a designation
15 referred to in subparagraph (A)(ii).

16 “(C) ONLY 1 ACCOUNT PERMITTED AT ANY
17 TIME.—An eligible individual may not, at any
18 time, concurrently maintain—

19 “(i) a privately-administered personal
20 retirement account with each of 2 or more
21 certified institutions; or

22 “(ii) a privately-administered and a
23 federally-administered personal retirement
24 account.

1 “(D) EFFECT.—A designation under this
 2 paragraph has (with respect to the eligible indi-
 3 vidual’s respective accounts, before and after
 4 such designation) the same effect as results fol-
 5 lowing a designation under paragraph (2) (with
 6 respect to the federally-administered and pri-
 7 vately-administered accounts involved).

8 “PERSONAL RETIREMENT ACCOUNT DISTRIBUTIONS

9 “SEC. 254. (a) DATE OF INITIAL DISTRIBUTION.—
 10 Except as provided in subsection (c), distributions may
 11 only be made from a personal retirement account of an
 12 eligible individual on and after the earliest of—

13 “(1) the date the eligible individual attains nor-
 14 mal retirement age (as determined under section
 15 216) or, if elected by such individual, early retire-
 16 ment age (as so determined); or

17 “(2) the date on which funds in the eligible in-
 18 dividual’s personal retirement account are sufficient
 19 to provide a monthly payment over the life expect-
 20 ancy of the eligible individual (determined under rea-
 21 sonable actuarial assumptions) which is at least
 22 equal to an amount equal to 100 percent of the pov-
 23 erty line (as defined in section 673(2) of the Com-
 24 munity Services Block Grant Act (42 U.S.C.
 25 9902(2) and determined on such date for a family
 26 of the size involved) and adjusted annually there-

1 after by the adjustment determined under section
2 215(i).

3 “(b) FORMS OF DISTRIBUTION.—

4 “(1) REQUIRED MONTHLY PAYMENTS.—

5 “(A) IN GENERAL.—Except as provided in
6 paragraph (3), beginning with the date deter-
7 mined under subsection (a), the balance in a
8 personal retirement account available to provide
9 monthly payments not in excess of the applica-
10 ble amount shall be paid, as elected by the ac-
11 count holder (in such form and manner as shall
12 be prescribed in regulations of the Personal Re-
13 tirement Account Board), by means of the pur-
14 chase of annuities or equal monthly payments
15 over the life expectancy of the eligible individual
16 (determined under reasonable actuarial assump-
17 tions) in accordance with requirements (which
18 shall be provided in regulations of the Board)
19 similar to the requirements applicable to pay-
20 ments of benefits under subchapter III of chap-
21 ter 84 of title 5, United States Code, and pro-
22 viding for indexing for inflation.

23 “(B) APPLICABLE AMOUNT.—For purposes
24 of subparagraph (A), the applicable amount
25 is—

1 “(i) in the case of a distribution made
 2 pursuant to subsection (a)(1), an amount
 3 which is sufficient to provide a monthly
 4 payment over the life expectancy of the eli-
 5 gible individual (determined under reason-
 6 able actuarial assumptions) which, when
 7 added to the eligible individual’s monthly
 8 benefit under part A (if any), is at least
 9 equal to an amount equal to 100 percent
 10 of the poverty line (as defined in section
 11 673(2) of the Community Services Block
 12 Grant Act (42 U.S.C. 9902(2) and deter-
 13 mined on such date for a family of the size
 14 involved) and adjusted annually thereafter
 15 by the adjustment determined under sec-
 16 tion 215(i); and

17 “(ii) in the case of a distribution
 18 made pursuant to subsection (a)(2), the
 19 amount described in subsection (a)(2).

20 “(2) PROTECTION FOR SPOUSE.—

21 “(A) IN GENERAL.—For purposes of para-
 22 graph (1), the requirements of subchapter III
 23 of chapter 84 of title 5, United States Code,
 24 shall be determined as if ‘a method which pro-
 25 vides for a qualified $\frac{2}{3}$ joint and survivor annu-

ity’ were substituted for ‘the method described in subsection (a)(2)(B) of such section (or, if more than one form of such method is available, the form which the Board determines to be the one which provides for a surviving spouse a survivor annuity most closely approximating the annuity of a surviving spouse under section 8442 of this title)’ in section 8435(b)(1) of title 5, United States Code.

“(B) QUALIFIED $\frac{2}{3}$ JOINT AND SURVIVOR ANNUITY.—For purposes of subparagraph (A), the term ‘qualified $\frac{2}{3}$ joint and survivor annuity’ means an annuity—

“(i) for the life of the eligible individual with a survivor annuity for the life of the spouse which is not less than $\frac{2}{3}$ of (and is not greater than 100 percent of) the amount of the annuity which is payable during the joint lives of the eligible individual and the spouse, and

“(ii) which is the actuarial equivalent of a single annuity for the life of the eligible individual.

1 Such term also includes any annuity in a form
2 having the effect of an annuity described in the
3 preceding sentence.

4 “(3) PAYMENT OF EXCESS FUNDS.—To the ex-
5 tent funds remain in an eligible individual’s personal
6 retirement account after the application of para-
7 graph (1), such funds shall be payable to the eligible
8 individual in such manner and in such amounts as
9 determined by the eligible individual, subject to the
10 provisions of subchapter III of chapter 84 of title 5,
11 United States Code.

12 “(c) DISTRIBUTION IN THE EVENT OF DEATH BE-
13 FORE THE DATE OF INITIAL DISTRIBUTION.—If the eligi-
14 ble individual dies before the date determined under sub-
15 section (a), the balance in such individual’s personal re-
16 tirement account shall be distributed in a lump sum, under
17 rules established by the Personal Retirement Account
18 Board—

19 “(1) to the account of a surviving spouse of
20 such individual; and

21 “(2) in the case there is no surviving spouse or
22 such spouse waives the right to such funds, to the
23 eligible individual’s heirs.

24 “(d) DIVORCE.—The Personal Retirement Account
25 Board shall issue regulations which provide that, in the

1 case of an eligible individual with a personal retirement
 2 account who becomes divorced, contributions to the ac-
 3 count during the marriage and earnings on the account
 4 during the marriage shall be divided evenly between such
 5 individual and such individual's former spouse.

6 “Subpart 2—Personal Retirement Account Fund;

7 Personal Retirement Account Board

8 “PERSONAL RETIREMENT ACCOUNT FUND

9 “SEC. 261. (a) ESTABLISHMENT.—There shall be es-
 10 tablished and maintained in the Treasury of the United
 11 States a Personal Retirement Account Fund in the same
 12 manner as the Thrift Savings Fund under sections 8437
 13 (excluding paragraphs (4) and (5) of subsection (c) there-
 14 of), 8438, and 8439 of title 5, United States Code.

15 “(b) ADDITIONAL INVESTMENT OPTIONS.—In addi-
 16 tion to the investment funds established within the Per-
 17 sonal Retirement Account Fund under subsection (a), the
 18 Personal Retirement Account Board shall contract on a
 19 competitive basis with 1 or more fund managers to pro-
 20 vide—

21 “(1) 3 balanced index funds, of which—

22 “(A) 1 shall invest in conservative invest-
 23 ments;

24 “(B) 1 shall invest in medium-risk invest-
 25 ments; and

1 “(C) 1 shall invest in growth investments;

2 and

3 “(2) an inflation-indexed government bond

4 fund.

5 “(c) FUND REQUIREMENTS.—

6 “(1) NO LOAD FUNDS.—Any fund with respect

7 to which the Personal Retirement Account Board

8 enters into a contract under subsection (b) may not

9 charge sales loads or other marketing fees based on

10 the entry or exit of an individual into the fund.

11 “(2) ANNUAL CHARGE.—Any fees charged by a

12 fund with which the Personal Retirement Account

13 Board enters into a contract under subsection (b)

14 shall be included in one annual charge and stated as

15 a percentage of assets.

16 “PERSONAL RETIREMENT ACCOUNT BOARD

17 “SEC. 262. (a) ESTABLISHMENT.—There shall be es-

18 tablished and maintained in the Social Security Adminis-

19 tration a Personal Retirement Account Board in the same

20 manner as the Federal Retirement Thrift Investment

21 Board under subchapter VII of chapter 84 of title 5,

22 United States Code.

23 “(b) SPECIFIC INVESTMENT AND REPORTING DU-

24 TIES.—The Personal Retirement Account Board shall

25 manage and report on the activities of the Personal Retire-

26 ment Account and on federally-administered personal re-

1 tirement accounts in the same manner as the Federal Re-
 2 tirement Thrift Investment Board manages and reports
 3 on the Thrift Savings Fund and the individual accounts
 4 of such Fund under subchapter VII of chapter 84 of title
 5 5, United States Code.

6 “(c) BUDGETARY TREATMENT OF PERSONAL RE-
 7 TIREMENT ACCOUNT SECURITY FUND AND ACCOUNTS.—
 8 The receipts and disbursements of the Personal Retire-
 9 ment Account Fund and any accounts within such Fund
 10 shall not be included in the totals of the budget of the
 11 United States Government as submitted by the President
 12 or of the congressional budget and shall be exempt from
 13 any general budget limitation imposed by statute on ex-
 14 penditures and net lending (budget outlays) of the United
 15 States Government.

16 “(d) COMMISSIONER OF SOCIAL SECURITY AS EXEC-
 17 UTIVE DIRECTOR.—The Commissioner of Social Security
 18 shall have, with respect to the Personal Retirement Ac-
 19 count Fund and accounts within such Fund, the same du-
 20 ties and responsibilities as does the Executive Director
 21 (appointed under section 8474(a) of title 5, United States
 22 Code) with respect to the Thrift Savings Fund and ac-
 23 counts within such Fund.

1 “Subpart 3—Certified Institutions

2 “CERTIFICATION OF INSTITUTIONS BY PERSONAL

3 RETIREMENT ACCOUNT BOARD

4 “SEC 271. (a) IN GENERAL.—For purposes of meet-
5 ing the requirements of section 530B of the Internal Rev-
6 enue Code of 1986 (relating to personal retirement ac-
7 counts), the Personal Retirement Account Board, in con-
8 sultation with the Securities and Exchange Commission
9 (in this part referred to as the ‘Commission’), may certify
10 any institution that is engaged, in a fiduciary capacity,
11 in the business of maintaining accounts for individuals for
12 purposes of investment if such institution submits an ap-
13 plication to the Personal Retirement Account Board in
14 such form and manner as the Board shall by regulation
15 require.

16 “(b) REQUIREMENTS FOR CERTIFICATION.—

17 “(1) IN GENERAL.—Any institution certified
18 under this part must follow rules similar to the rules
19 of section 251(d).

20 “(2) FEES.—Any fund which an institution ap-
21 plying for certification under this part proposes to
22 offer for eligible individuals may not charge sales
23 loads or other marketing fees based on the entry or
24 exit of an individual into the fund. Any fees charged
25 by an institutions applying for certification under

1 this section with respect to the personal retirement
2 account of an eligible individual shall be included in
3 one annual charge and stated as a percentage of as-
4 sets.

5 “(3) OTHER REQUIREMENTS.—In determining
6 whether to approve an application for certification
7 under this subpart, the Personal Retirement Ac-
8 count Board shall consider the following factors:

9 “(A) The financial history and condition of
10 the institution.

11 “(B) The adequacy of the institution’s cap-
12 ital structure.

13 “(C) The future earnings prospects of the
14 institution.

15 “(D) The general character and fitness of
16 the management of the institution.

17 “(E) The convenience and needs of eligible
18 individuals who are account holders with re-
19 spect to personal retirement accounts for which
20 the institution is to serve as trustee.

21 “(F) Whether the institution’s corporate
22 powers are consistent with the purposes of this
23 part.

24 “(G) The institution’s disclosure policies,
25 including any such policies with respect to ad-

1 ministrative fees, investment policies, and in-
2 vestment activities.

3 “(H) The appropriateness of—

4 “(i) the fund or funds that such insti-
5 tution proposes to offer for purposes of
6 this part; and

7 “(ii) the criteria by which such insti-
8 tution will make future decisions regarding
9 the selection of new funds or the modifica-
10 tion of the investment options offered by
11 such institution for purposes of this part,
12 as determined based on guidelines established
13 by the Personal Retirement Account Board for
14 purposes of this paragraph.

15 “(c) NOTICE OF DENIAL OF APPLICATION FOR CER-
16 TIFICATION.—If the Personal Retirement Account Board
17 denies an application for certification by any institution,
18 the Board shall promptly notify the institution of such de-
19 nial and shall give the reasons for the Board’s determina-
20 tion in writing.

21 “(d) NONDELEGATION REQUIREMENT.—The author-
22 ity granted to the Personal Retirement Account Board
23 under this section may not be delegated by the Board.

24 “REVOCATION OF CERTIFICATION

25 “SEC. 272. (a) IN GENERAL.—The Personal Retire-
26 ment Account Board, in consultation with the Commis-

1 sion, shall prescribe regulations in accordance with which
2 the certified status of an institution may be voluntarily
3 or involuntarily revoked.

4 “(b) JUDICIAL REVIEW.—Any party to any pro-
5 ceeding revoking the certified status of an institution
6 under subsection (a) may obtain a review of any order
7 served pursuant to subsection (a) by the filing in the court
8 of appeals of the United States for the circuit in which
9 the home office of the institution is located, or in the
10 United States Court of Appeals for the District of Colum-
11 bia Circuit, within 30 days after the date of the service
12 of such order, a written petition praying that the order
13 of the Personal Retirement Account Board be modified,
14 terminated, or set aside. A copy of such petition shall be
15 forthwith transmitted by the clerk of the court to the Per-
16 sonal Retirement Account Board, and thereupon the Per-
17 sonal Retirement Account Board shall file in the court the
18 record in the proceeding, as provided in section 2112 of
19 title 28, United States Code. Upon the filing of such peti-
20 tion, such court shall have jurisdiction, which upon the
21 filing of the record shall be exclusive, to affirm, modify,
22 terminate, or set aside, in whole or in part, the order of
23 the Personal Retirement Account Board. Review of such
24 proceedings shall be had as provided in chapter 7 of title
25 5, United States Code. The judgment and decree of the

1 court shall be final, except that the judgment and decree
 2 shall be subject to review by the Supreme Court upon cer-
 3 tiorari, as provided in section 1254 of title 28, United
 4 States Code. The commencement of proceedings for judi-
 5 cial review under this subsection shall not, unless specifi-
 6 cally ordered by the court, operate as a stay of any order
 7 issued by the Personal Retirement Account Board.

8 “FIDUCIARY DUTIES

9 “SEC. 273. (a) IN GENERAL.—In the case of a pri-
 10 vately-administered personal retirement account which
 11 does not form part of an individual account plan covered
 12 under part 4 of subtitle B of title I of the Employee Re-
 13 tirement Income Security Act of 1974, rules similar to the
 14 rules of such part 4 applicable to individual account plans
 15 covered under such part 4 shall apply with respect to a
 16 privately-administered personal retirement account and
 17 the terms of any arrangement under which such account
 18 is maintained.

19 “(b) GENERAL REQUIREMENTS.—In applying under
 20 subsection (a) the rules of part 4 of subtitle B of title
 21 I of the Employee Retirement Income Security Act of
 22 1974 in the case of a privately-administered personal re-
 23 tirement account, references in such part to the Secretary
 24 of Labor shall be deemed to be references to the Personal
 25 Retirement Account Board, references in such part to a
 26 participants or beneficiary in connection with an indi-

1 vidual account plan covered under such part shall be
2 deemed to be references to the account holder with respect
3 to the privately-administered personal retirement account,
4 and references in such part to the plan administrator or
5 plan sponsor in connection with an individual account plan
6 covered under such part shall be deemed to be references
7 to the trustee of the privately-administered personal re-
8 tirement account.

9 “(c) LIMITATION ON LIABILITY.—Any account holder
10 who issues an instruction to the trustee of the account
11 directing an investment of funds held in the account shall
12 sign an acknowledgement prescribed by the Personal Re-
13 tirement Account Board which states that the account
14 holder understands that an investment of any amount in
15 the account is made at the account holder’s risk, that the
16 account holder is not protected by the Government or by
17 the trustee against any loss on such investment, and that
18 a return on such investment is not guaranteed by the Gov-
19 ernment or by the trustee. Notwithstanding the preceding
20 provisions of this section and any other provision of Fed-
21 eral or State law, the trustee of a privately-administered
22 personal retirement account shall not be liable for losses
23 suffered in connection with any investment of assets held
24 in the account unless it is shown by clear and convincing
25 evidence that the trustee did not act in the manner in

1 which a reasonable trustee would act under the cir-
 2 cumstances then prevailing in evaluating the risk and re-
 3 ward properties of the investment option involved.

4 “Subpart 4—Enforcement

5 “CAUSE OF ACTION

6 “SEC. 281. An account holder of any privately-admin-
 7 istered personal retirement account who is adversely af-
 8 fected by an act or practice of any party (other than the
 9 Personal Retirement Account Board, the Commission, the
 10 Social Security Administration, the Department of the
 11 Treasury, or any officer or employee of any of the fore-
 12 going) in violation of any provision of this part, may bring
 13 an action—

14 “(1) to enjoin such act or practice; or

15 “(2) to obtain other appropriate equitable re-
 16 lief—

17 “(A) to redress such violation; or

18 “(B) to enforce such provision.

19 “JURISDICTION AND VENUE

20 “SEC. 282. Civil actions under this subpart may be
 21 brought in the district courts of the United States in the
 22 district where the privately-administered personal retire-
 23 ment account is administered, where the violation took
 24 place, or where a defendant resides or may be found, and
 25 process may be served in any district where a defendant
 26 resides or may be found. The district courts of the United

1 State shall have jurisdiction, without regard to the amount
 2 in controversy or the citizenship of the parties, to grant
 3 the relief provided for in section 281 in any action.

4 “RIGHT OF THE PERSONAL RETIREMENT ACCOUNT

5 BOARD TO INTERVENE

6 “SEC. 283. A copy of the complaint or notice of ap-
 7 peal in any action under this subpart shall be served upon
 8 the Personal Retirement Account Board by certified mail.
 9 The Personal Retirement Account Board shall each have
 10 the right to intervene in any action.

11 “AWARDS OF COSTS AND EXPENSES

12 “SEC. 284. In any action brought under this subpart,
 13 the court in its discretion may award all or a portion of
 14 the costs and expenses incurred in connection with such
 15 action, including reasonable attorney’s fees, to any party
 16 who prevails or substantially prevails in such action.

17 “LIMITATION ON ACTIONS

18 “SEC. 285. (a) IN GENERAL.—Except as provided in
 19 subsection (c), an action under this subpart may not be
 20 brought after the later of—

21 “(1) 6 years after the date on which the cause
 22 of action arose; or

23 “(2) 3 years after the applicable date specified
 24 in subsection (b).

25 “(b) APPLICABLE DATE.—The applicable date speci-
 26 fied in this subsection is the earliest date on which the

1 plaintiff acquired or should have acquired actual knowl-
 2 edge of the existence of such cause of action.

3 “(c) CASES OF FRAUD OR CONCEALMENT.—In the
 4 case of fraud or concealment, the period described in sub-
 5 section (a)(2) shall be extended to 6 years after the appli-
 6 cable date specified in subsection (b).

7 “PENALTY FOR FAILURE TO TIMELY PROVIDE REQUIRED
 8 INFORMATION

9 “SEC. 286. The Personal Retirement Account Board
 10 may assess a penalty, payable to it, against any person
 11 who fails to provide any notice or other material informa-
 12 tion required under this part or any regulations prescribed
 13 under this part within the applicable time limit specified
 14 therein. Such penalty shall not exceed \$1,000 for each day
 15 for which such failure continues.

16 “ACTIONS BY THE PERSONAL RETIREMENT ACCOUNT
 17 BOARD

18 “SEC. 287. If any person is assessed under this sub-
 19 part and fails to pay the assessment when due, or any
 20 person otherwise fails to meet any requirement of this
 21 part, the Personal Retirement Account Board may bring
 22 a civil action in any district court of the United States
 23 within the jurisdiction of which such person’s assets are
 24 located or in which such person resides or is found for
 25 the recovery of the amount of the assessment or for appro-
 26 priate equitable relief to redress the violation or enforce

1 the provisions of this part, and process may be served in
 2 any other district. The district courts of the United States
 3 shall have jurisdiction over actions brought under this sec-
 4 tion by the Personal Retirement Account Board without
 5 regard to the amount in controversy.

6 “CRIMINAL PENALTY FOR FRAUD OR INTENTIONAL MIS-
 7 REPRESENTATION IN CONNECTION WITH INVEST-
 8 MENT OPTIONS

9 “SEC. 288. Any person who makes, or causes to be
 10 made, a statement or representation of a material fact for
 11 use in selecting an investment option that the person
 12 knows or should know is false or misleading or knows or
 13 should know omits a material fact or makes such a state-
 14 ment with knowing disregard for the truth shall upon con-
 15 viction be fined not more than \$500,000 or imprisoned
 16 for not more than 5 years, or both.”.

17 (b) IMPLEMENTATION OF PROVISIONS RELATING TO
 18 PRIVATELY-ADMINISTERED PERSONAL RETIREMENT AC-
 19 COUNTS.—

20 (1) IN GENERAL.—

21 (A) PLAN.—Not later than 3 years after
 22 the date on which the Personal Retirement Ac-
 23 count Board accepts the first contribution
 24 under section 251(b) of the Social Security Act,
 25 the Board, in consultation with the Commis-
 26 sioner of Social Security, the Commissioner of

1 the Securities and Exchange Commission, and
2 the Secretary of the Treasury, shall establish
3 and submit to Congress a plan for imple-
4 menting the amendments made by this section,
5 to the extent that they relate to privately-ad-
6 ministered personal retirement accounts.

7 (B) IMPLEMENTATION.—All measures nec-
8 essary to prepare for full implementation of
9 such amendments (as they relate to privately-
10 administered personal retirement accounts)
11 shall be completed not later than 5 years after
12 the date on which the Personal Retirement Ac-
13 count Board accepts the first contribution
14 under section 251(b) of such Act.

15 (2) DEFINITIONS.—For purposes of this para-
16 graph, the terms “Personal Retirement Account
17 Board”, “federally-administered personal retirement
18 account”, and “privately-administered personal re-
19 tirement account” have the meanings given them
20 under part B of title II of the Social Security Act
21 (as amended by this section).

1 **SEC. 102. CPI-INDEXED BENEFITS FOR PART B ELIGIBLE IN-**
 2 **DIVIDUALS NOT IN SUPPLEMENTAL CON-**
 3 **TRIBUTION COVERAGE.**

4 Section 215(a)(1)(B) of the Social Security Act (42
 5 U.S.C. 415(a)(1)(B)) is amended—

6 (1) by redesignating clause (iii) as clause (vi);

7 (2) in clause (ii), by striking “For individuals”
 8 and inserting “Subject to clause (iii), for individ-
 9 uals”;

10 (3) by inserting after clause (ii) the following
 11 new clauses:

12 “(iii) For eligible individuals (as defined under sec-
 13 tion 251(a)(2)) who do not elect supplemental contribution
 14 coverage under section 252 and who initially meet all re-
 15 quirements for entitlement to old-age or survivors insur-
 16 ance benefits (other than applying therefor) in any cal-
 17 endar year after 2008, each of the amounts so established
 18 under the preceding provisions of this subparagraph shall
 19 be equal to the product derived by multiplying such
 20 amount (as determined before the application of this
 21 clause) by the quotient derived by dividing—

22 “(I) the applicable change in the CPI for the
 23 first of the 2 preceding calendar years, by

24 “(II) applicable change in the national average
 25 wage index for the first of the 2 preceding calendar
 26 years.

1 “(iv) For purposes of clause (iii)(I), the term ‘appli-
 2 cable change in the CPI’ for a calendar year means the
 3 excess of—

4 “(I) the arithmetical mean of the Consumer
 5 Price Index for Urban Wage Earners and Clerical
 6 Workers (issued by the Bureau of Labor Statistics)
 7 for the 12 months in such calendar year, over

8 “(II) the arithmetical mean of such Consumer
 9 Price Index for the 12 months in calendar year
 10 2007.

11 “(v) For purposes of clause (iii)(II), the term ‘appli-
 12 cable change in the national average wage index’ for a cal-
 13 endar year means the excess of—

14 “(I) the national average wage index (as de-
 15 fined in section 209(k)(1)) for such calendar year,
 16 over

17 “(II) the national average wage index (as so de-
 18 fined) for calendar year 2007.”; and

19 (4) in clause (vi) (as redesignated), by striking
 20 “under clause (ii)” and inserting “under the pre-
 21 ceding provisions of this subparagraph”.

1 **SEC. 103. ADJUSTMENTS TO PRIMARY INSURANCE**
 2 **AMOUNTS UNDER PART A OF TITLE II OF THE**
 3 **SOCIAL SECURITY ACT FOR ELIGIBLE INDIVIDUALS WITH PERSONAL RETIREMENT AC-**
 4 **COUNTS.**
 5

6 (a) IN GENERAL.—Section 215 of the Social Security
 7 Act (42 U.S.C. 415) is amended by adding at the end the
 8 following:

9 “Adjustment of Primary Insurance Amount in Relation
 10 to Contributions to Personal Retirement Accounts

11 “(j)(1) Except as provided in paragraph (2), an indi-
 12 vidual’s primary insurance amount as determined in ac-
 13 cordance with this section (before adjustments made
 14 under subsection (i)) shall be equal to the excess (if any)
 15 of—

16 “(A) the amount which would be so determined
 17 without the application of this subsection, over

18 “(B) the monthly amount of an immediate life
 19 annuity, determined on the basis of the sum of—

20 “(i) the total of all amounts which have
 21 been credited pursuant to section 251(b) (in-
 22 dexed in the same manner as is applicable with
 23 respect to average indexed monthly earnings
 24 under subsection (b)) to the personal retirement
 25 account held by such individual, plus

1 “(ii) accrued interest on such amount com-
2 pounded annually—

3 “(I) assuming an interest rate equal
4 to the long-term government bond rate
5 minus 0.3 percentage points, and

6 “(II) using the mortality table used
7 under 412(l)(7)(C)(ii) of the Internal Rev-
8 enue Code of 1986.

9 “(2) In the case of an individual who becomes entitled
10 to disability insurance benefits under section 223, such in-
11 dividual’s primary insurance amount shall be determined
12 without regard to paragraph (1).

13 “(3) For purposes of this subsection, the term ‘imme-
14 diate life annuity’ means an annuity—

15 “(A) the annuity starting date (as defined in
16 section 72(c)(4) of the Internal Revenue Code of
17 1986) of which commences with the first month fol-
18 lowing the date of the determination, and

19 “(B) which provides for a series of substantially
20 equal monthly payments over the life expectancy of
21 the individual.”.

22 (b) CONFORMING AMENDMENT TO RAILROAD RE-
23 TIREMENT ACT OF 1974.—Section 1 of the Railroad Re-
24 tirement Act of 1974 (45 U.S.C. 231) is amended by add-
25 ing at the end the following:

1 “(s) In applying applicable provisions of the Social
 2 Security Act for purposes of determining the amount of
 3 the annuity to which an individual is entitled under this
 4 Act, section 215(j) of the Social Security Act and part
 5 B of title II of such Act shall be disregarded.”.

6 (c) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply with respect to computations and
 8 recomputations of primary insurance amounts occurring
 9 after December 31, 2005.

10 **SEC. 104. MINIMUM SOCIAL SECURITY BENEFIT.**

11 Section 215 of the Social Security Act (42 U.S.C.
 12 415), as amended by section 103, is amended by adding
 13 at the end the following:

14 “Minimum Monthly Insurance Benefit

15 “(k)(1) Notwithstanding the preceding provisions of
 16 this section—

17 “(A) the primary insurance amount of a quali-
 18 fied individual shall be equal to the greater of—

19 “(i) the primary insurance amount deter-
 20 mined under this section (without regard to this
 21 subsection), or

22 “(ii) $\frac{1}{12}$ of the applicable percentage of
 23 the income official poverty line (as defined by
 24 the Office of Management and Budget, and re-
 25 vised annually in accordance with section

1 673(2) of the Omnibus Budget Reconciliation
2 Act of 1981), and

3 “(B) any recomputation of the primary insur-
4 ance amount of a qualified individual shall not result
5 in a primary insurance amount less than the pri-
6 mary insurance amount as in effect immediately
7 prior to such recomputation.

8 “(2) For purposes of this subsection—

9 “(A) The term ‘qualified individual’ means an
10 individual—

11 “(i) who is an eligible individual (as de-
12 fined under section 251(a)(2)) who did not elect
13 supplemental contribution coverage under sec-
14 tion 252, and

15 “(ii) who initially becomes eligible for old-
16 age insurance benefits or dies (before becoming
17 eligible for such benefits) for a month beginning
18 after December 31, 2006.

19 “(B) The applicable percentage shall be 120
20 percent reduced by 1.2 percentage points for each
21 quarter of coverage of the qualified individual less
22 than 140.

23 “(3)(A) For any year before 2011, the amount deter-
24 mined under clause (ii) of paragraph (1)(A) shall be an
25 amount equal to the phase-in percentage of the amount

1 determined under such clause without regard to this para-
 2 graph.

3 “(B) The phase-in percentage shall be deter-
 4 mined as follows:

“Calendar year:	Phase-in percentage:
2007	20
2008	40
2009	60
2010	80.”.

5 **SEC. 105. TREATMENT OF DISABLED BENEFICIARIES.**

6 Section 215(a) of the Social Security Act (42 U.S.C.
 7 415(a)) is amended by adding at the end the following
 8 new paragraph:

9 “(8)(A) Notwithstanding the preceding provisions of
 10 this subsection, in the case of an eligible individual (as
 11 defined under section 251(a)(2)) who has not elected sup-
 12 plemental contribution coverage under section 252 and
 13 who has or has had a period of disability and becomes
 14 entitled to old-age insurance benefits under section 202(a)
 15 (or dies) in or after 2006, the primary insurance amount
 16 of such individual shall be the sum of—

17 “(i) the amount determined under subpara-
 18 graph (B), and

19 “(ii) the product derived by multiplying—

20 “(I) the excess of the amount determined
 21 under subparagraph (C) over the amount deter-
 22 mined under subparagraph (B), by

1 “(II) the adjustment factor for such indi-
2 vidual determined under subparagraph (D).

3 “(B) The amount determined under this subpara-
4 graph is the amount of such individual’s primary insur-
5 ance amount as determined under this section without re-
6 gard to this paragraph.

7 “(C) The amount determined under this subpara-
8 graph is the amount of such individual’s primary insur-
9 ance amount as determined under this section as in effect
10 with respect to individuals becoming eligible for old-age
11 or disability insurance benefits under section 202(a) in
12 2005.

13 “(D) The adjustment factor determined under this
14 subparagraph for any individual is the ratio (not greater
15 than 1) of—

16 “(i) the number of months, preceding the ear-
17 lier of such individual’s first month of entitlement to
18 old-age insurance benefits under section 202(a) or
19 the month of such individual’s death, which occurred
20 during a period of disability of such individual, to

21 “(ii) 480.”.

1 **Subtitle B—Amendments Related**
 2 **to the Internal Revenue Code of**
 3 **1986**

4 **SEC. 111. MODIFICATION OF FICA RATES.**

5 (a) EMPLOYEES.—Section 3101(a) of the Internal
 6 Revenue Code of 1986 (relating to tax on employees) is
 7 amended to read as follows:

8 “(a) OLD-AGE, SURVIVORS, AND DISABILITY INSUR-
 9 ANCE.—

10 “(1) IN GENERAL.—

11 “(A) INDIVIDUALS BORN BEFORE 1950.—

12 In addition to other taxes, there is hereby im-
 13 posed on the income of every individual who is
 14 not a part B eligible individual a tax equal to
 15 6.2 percent of the wages received by him with
 16 respect to employment.

17 “(B) INDIVIDUALS ELIGIBLE FOR PART B
 18 OF TITLE II OF THE SOCIAL SECURITY ACT.—

19 In addition to other taxes, there is hereby im-
 20 posed on the income of every part B eligible in-
 21 dividual a tax equal to—

22 “(i) PERSONAL RETIREMENT AC-
 23 COUNT.—In the case of an individual with
 24 a personal retirement account, the sum
 25 of—

1 “(I) 2.2 percent of the first
 2 \$32,500 of the wages received by such
 3 individual with respect to employment
 4 in the calendar year, and

5 “(II) 6.2 percent of any addi-
 6 tional such wages received in the cal-
 7 endar year.

8 “(ii) BASIC BENEFIT.—In the case of
 9 an individual with basic benefit coverage,
 10 6.2 percent of such wages received in the
 11 calendar year.

12 “(iii) SUPPLEMENTAL CONTRIBU-
 13 TION.—In the case of an individual with
 14 supplemental contribution coverage, 8.2
 15 percent of such wages received in the cal-
 16 endar year.

17 “(2) CONTRIBUTION OF OASDI TAX REDUCTION
 18 TO PERSONAL RETIREMENT ACCOUNTS.—In addition
 19 to other taxes, there is hereby imposed on the in-
 20 come of every part B eligible individual who holds a
 21 personal retirement account for the calendar year a
 22 personal retirement account contribution equal to
 23 the sum of—

24 “(A) 4 percent of so much of the wages as
 25 does not exceed the first \$32,500 received in

1 such calendar year by such individual with re-
 2 spect to employment, plus

3 “(B) so much of such wages (not to exceed
 4 \$5,000) as designated by the individual in the
 5 same manner as described in section
 6 251(d)(1)(B) of the Social Security Act.

7 “(3) INFLATION ADJUSTMENT BASED ON WAGE
 8 INDEX.—

9 “(A) IN GENERAL.—In the case of any cal-
 10 endar year beginning after 2006, the \$32,500
 11 amount in paragraphs (1) and (2) and the
 12 \$5,000 amounts in paragraph (2) shall be in-
 13 creased by an amount equal to—

14 “(i) such dollar amount, multiplied by

15 “(ii) the percentage increase (if any)
 16 for such year determined under section
 17 215(i) of the Social Security Act.

18 “(B) ROUNDING.—If any dollar amount
 19 after being increased under subparagraph (A) is
 20 not a multiple of \$10, such dollar amount shall
 21 be rounded to the nearest multiple of \$10.

22 “(4) DEFINITIONS.—For purposes of this sub-
 23 section, the terms ‘personal retirement account’,
 24 ‘basic benefit coverage’, and ‘supplemental contribu-
 25 tion coverage’ shall have the meaning given such

1 terms under section 252 of the Social Security
2 Act.”.

3 (b) SELF-EMPLOYED.—Section 1401(a) of the Inter-
4 nal Revenue Code of 1986 (relating to tax on self-employ-
5 ment income) is amended to read as follows:

6 “(a) OLD-AGE, SURVIVORS, AND DISABILITY INSUR-
7 ANCE.—

8 “(1) IN GENERAL.—

9 “(A) INDIVIDUALS BORN BEFORE 1950.—

10 In addition to other taxes, there shall be im-
11 posed for each taxable year, on the self-employ-
12 ment income of every individual who is not a
13 part B eligible individual for the calendar year
14 ending with or during such taxable year, a tax
15 equal to 12.4 percent of the amount of the self-
16 employment income for such taxable year.

17 “(B) INDIVIDUALS ELIGIBLE FOR PART B
18 OF TITLE II OF THE SOCIAL SECURITY ACT.—

19 In addition to other taxes, there is hereby im-
20 posed for each taxable year, on the self-employ-
21 ment income of every part B eligible individual
22 who is a part B eligible individual for the cal-
23 endar year ending with or during such taxable
24 year, a tax equal to—

1 “(i) PERSONAL RETIREMENT AC-
 2 COUNT.—In the case of an individual with
 3 a personal retirement account, the sum
 4 of—

5 “(I) 8.4 percent of the first
 6 \$32,500 of the self-employment for
 7 such taxable year, and

8 “(II) 12.4 percent of any addi-
 9 tional self-employment income for
 10 such taxable year.

11 “(ii) BASIC BENEFIT.—In the case of
 12 an individual with basic benefit coverage,
 13 12.4 percent of the self-employment for
 14 such taxable year.

15 “(iii) SUPPLEMENTAL CONTRIBU-
 16 TION.—In the case of an individual with
 17 supplemental contribution coverage, 14.4
 18 percent of the self-employment income for
 19 such taxable year.

20 “(2) CONTRIBUTION OF OASDI TAX REDUCTION
 21 TO PERSONAL RETIREMENT ACCOUNTS.—In addition
 22 to other taxes, there is hereby imposed for each tax-
 23 able year on the self-employment income of every
 24 part B eligible individual who holds a personal re-
 25 tirement account for the calendar year ending with

1 or during such taxable year, a personal retirement
 2 account contribution equal to the sum of—

3 “(A) 4 percent of so much of the self-em-
 4 ployment income as does not exceed the first
 5 \$32,500 for such taxable, plus

6 “(B) so much of such self-employment in-
 7 come (not to exceed \$5,000) as designated by
 8 the individual in the same manner as described
 9 in section 251(c) of the Social Security Act.

10 “(3) INFLATION ADJUSTMENT BASED ON WAGE
 11 INDEX.—

12 “(A) IN GENERAL.—In the case of any
 13 taxable year beginning after 2006, the \$32,500
 14 amount in paragraphs (1) and (2) and the
 15 \$5,000 amounts in paragraph (2) shall be in-
 16 creased by an amount equal to—

17 “(i) such dollar amount, multiplied by

18 “(ii) the percentage increase (if any)
 19 for the calendar year in which such taxable
 20 year begins determined under section
 21 215(i) of the Social Security Act.

22 “(B) ROUNDING.—If any dollar amount
 23 after being increased under subparagraph (A) is
 24 not a multiple of \$10, such dollar amount shall
 25 be rounded to the nearest multiple of \$10.

1 “(4) DEFINITIONS.—For purposes of this sub-
 2 section the terms ‘personal retirement account’,
 3 ‘basic benefit coverage’, and ‘supplemental contribu-
 4 tion coverage’ shall have the meaning given such
 5 terms under section 252 of the Social Security
 6 Act.”.

7 (c) PART B ELIGIBLE INDIVIDUAL.—

8 (1) TAXES ON EMPLOYEES.—Section 3121 of
 9 such Code (relating to definitions) is amended by in-
 10 serting after subsection (s) the following new sub-
 11 section:

12 “(t) PART B ELIGIBLE INDIVIDUAL.—For purposes
 13 of this chapter, the term ‘part B eligible individual’ means,
 14 for any calendar year, an individual who is an eligible indi-
 15 vidual (as defined in section 251(a)(2) of the Social Secu-
 16 rity Act) for such calendar year.”.

17 (2) SELF-EMPLOYMENT TAX.—Section 1402 of
 18 such Code (relating to definitions) is amended by
 19 adding at the end the following new subsection:

20 “(l) PART B ELIGIBLE INDIVIDUAL.—The term ‘part
 21 B eligible individual’ means, for any calendar year, an in-
 22 dividual who is an eligible individual (as defined in section
 23 251(a)(2) of the Social Security Act) for such calendar
 24 year.”.

1 (d) REPORT ON NECESSARY INCREASES IN SUPPLE-
 2 MENTAL CONTRIBUTION TAX RATE.—

3 (1) REPORT.—

4 (A) IN GENERAL.—The Board of Trustees
 5 of the Federal Old-Age and Survivors Insurance
 6 Trust Fund and the Federal Disability Insur-
 7 ance Trust Fund shall submit to Congress an-
 8 nually—

9 (i) a report on the actuarial deficit of
 10 such trust funds; and

11 (ii) recommendations, including pro-
 12 posed legislation, for adjusting the tax rate
 13 under section 3101(a)(1)(B)(iii) of the In-
 14 ternal Revenue Code of 1986 and section
 15 1401(a)(1)(B)(iii) of such Code to elimi-
 16 nate any such deficit.

17 (B) ACTUARIAL DEFICIT.—

18 (i) IN GENERAL.—For purposes of
 19 subparagraph (A), the actuarial deficit is
 20 the excess of—

21 (I) the summarized income rate,
 22 over

23 (II) the summarized cost rate.

24 (ii) METHOD OF CALCULATION.—The
 25 calculation made under clause (i) shall be

1 made assuming that all individuals who are
 2 eligible individuals (as defined in section
 3 251(a)(2) of the Social Security Act) have
 4 elected (or will elect) supplemental con-
 5 tribution coverage (within the meaning of
 6 section 252(c)(2) of the Social Security
 7 Act) and shall be calculated by taking into
 8 account a period of 75 years.

9 (iii) SUMMARIZED INCOME RATE.—

10 The term ‘summarized income rate’ means
 11 the ratio of the present value of the income
 12 of the Federal Old-Age and Survivors In-
 13 surance Trust Fund and the Federal Dis-
 14 ability Insurance Trust Fund to the
 15 present value of taxable payroll (as defined
 16 in section 202(a)(5)).

17 (iv) SUMMARIZED COST RATE.—The

18 term ‘summarized cost rate’ means the
 19 ratio of the present value of the costs of
 20 the Federal Old-Age and Survivors Insur-
 21 ance Trust Fund and the Federal Dis-
 22 ability Insurance Trust Fund to the
 23 present value of taxable payroll (as so de-
 24 fined).

(C) TIMING OF REPORT.—The report required under this subsection shall be submitted to Congress together with and under the same requirements as the report described in section 201(c)(2) of the Social Security Act.

(2) CONGRESSIONAL CONSIDERATION OF RECOMMENDATIONS.—

(A) DEFINITIONS.—In this section:

(i) IMPLEMENTATION BILL.—The term “implementation bill” means only a bill which—

(I) is introduced as provided under subparagraph (B); and

(II) contains the proposed legislation included in the report submitted to Congress under paragraph (1), but only if such proposed legislation raises the rate under section 3101(a)(1)(B)(iii) and 1401(a)(1)(B)(iii) at least 0.25 percentage points.

(ii) CALENDAR DAY.—The term “calendar day” means a calendar day other than one on which either House is not in

1 session because of an adjournment of more
2 than 3 days to a date certain.

3 (B) INTRODUCTION; REFERRAL; AND RE-
4 PORT OR DISCHARGE.—

5 (i) INTRODUCTION.—On the first cal-
6 endar day on which both Houses are in
7 session, on or immediately following the
8 date on which the report is submitted to
9 Congress under section 201(c)(6) of the
10 Social Security Act, a single implementa-
11 tion bill shall be introduced (by request)—

12 (I) in the Senate by the Majority
13 Leader of the Senate, for himself and
14 the Minority Leader of the Senate, or
15 by Members of the Senate designated
16 by the Majority Leader and Minority
17 Leader of the Senate; and

18 (II) in the House of Representa-
19 tives by the Speaker of the House of
20 Representatives, for himself and the
21 Minority Leader of the House of Rep-
22 resentatives, or by Members of the
23 House of Representatives designated
24 by the Speaker and Minority Leader
25 of the House of Representatives.

1 (ii) REFERRAL.—The implementation
 2 bills introduced under clause (i) shall be
 3 referred—

4 (I) in the Senate, to the Com-
 5 mittee on Finance of the Senate; and

6 (II) in the House of Representa-
 7 tives, to the Committee on Ways and
 8 Means of the House of Representa-
 9 tives.

10 A committee to which an implementation
 11 bill is referred under this paragraph may
 12 report such bill to the respective House
 13 without amendment.

14 (iii) REPORT OR DISCHARGE.—If a
 15 committee to which an implementation bill
 16 is referred has not reported such bill by
 17 the end of the 15th calendar day after the
 18 date of the introduction of such bill, such
 19 committee shall be immediately discharged
 20 from further consideration of such bill, and
 21 upon being reported or discharged from
 22 the committee, such bill shall be placed on
 23 the appropriate calendar.

24 (C) FLOOR CONSIDERATION.—

1 (i) IN GENERAL.—When the com-
2 mittee to which an implementation bill is
3 referred has reported, or has been dis-
4 charged under subparagraph (B)(iii), it is
5 at any time thereafter in order (even
6 though a previous motion to the same ef-
7 fect has been disagreed to) for any Mem-
8 ber of the respective House to move to pro-
9 ceed to the consideration of the implemen-
10 tation bill, and all points of order against
11 the implementation bill (and against con-
12 sideration of the implementation bill) are
13 waived. The motion is highly privileged in
14 the House of Representatives and is privi-
15 leged in the Senate and is not debatable.
16 The motion is not subject to amendment,
17 or to a motion to postpone, or to a motion
18 to proceed to the consideration of other
19 business. A motion to reconsider the vote
20 by which the motion is agreed to or dis-
21 agreed to shall not be in order. If a motion
22 to proceed to the consideration of the im-
23 plementation bill is agreed to, the imple-
24 mentation bill shall remain the unfinished

1 business of the respective House until dis-
2 posed of.

3 (ii) AMENDMENTS.—An implementa-
4 tion bill may not be amended in the Senate
5 or the House of Representatives.

6 (iii) DEBATE.—Debate on the imple-
7 mentation bill, and on all debatable mo-
8 tions and appeals in connection therewith,
9 shall be limited to not more than 10 hours,
10 which shall be divided equally between
11 those favoring and those opposing the reso-
12 lution. A motion further to limit debate is
13 in order and not debatable. An amendment
14 to, or a motion to postpone, or a motion to
15 proceed to the consideration of other busi-
16 ness, or a motion to recommit the imple-
17 mentation bill is not in order. A motion to
18 reconsider the vote by which the implemen-
19 tation bill is agreed to or disagreed to is
20 not in order.

21 (iv) VOTE ON FINAL PASSAGE.—Im-
22 mediately following the conclusion of the
23 debate on an implementation bill, and a
24 single quorum call at the conclusion of the
25 debate if requested in accordance with the

1 rules of the appropriate House, the vote on
 2 final passage of the implementation bill
 3 shall occur.

4 (v) RULINGS OF THE CHAIR ON PRO-
 5 CEDURE.—Appeals from the decisions of
 6 the Chair relating to the application of the
 7 rules of the Senate or the House of Rep-
 8 resentatives, as the case may be, to the
 9 procedure relating to an implementation
 10 bill shall be decided without debate.

11 (D) COORDINATION WITH ACTION BY
 12 OTHER HOUSE.—If, before the passage by 1
 13 House of an implementation bill of that House,
 14 that House receives from the other House an
 15 implementation bill, then the following proce-
 16 dures shall apply:

17 (i) NONREFERRAL.—The implementa-
 18 tion bill of the other House shall not be re-
 19 ferred to a committee.

20 (ii) VOTE ON BILL OF OTHER
 21 HOUSE.—With respect to an implementa-
 22 tion bill of the House receiving the imple-
 23 mentation bill—

24 (I) the procedure in that House
 25 shall be the same as if no implementa-

1 tion bill had been received from the
2 other House; but

3 (II) the vote on final passage
4 shall be on the implementation bill of
5 the other House.

6 (E) RULES OF SENATE AND HOUSE OF
7 REPRESENTATIVES.—This paragraph is enacted
8 by Congress—

9 (i) as an exercise of the rulemaking
10 power of the Senate and House of Rep-
11 resentatives, respectively, and as such it is
12 deemed a part of the rules of each House,
13 respectively, but applicable only with re-
14 spect to the procedure to be followed in
15 that House in the case of an implementa-
16 tion bill described in subparagraph (A),
17 and it supersedes other rules only to the
18 extent that it is inconsistent with such
19 rules; and

20 (ii) with full recognition of the con-
21 stitutional right of either House to change
22 the rules (so far as relating to the proce-
23 dure of that House) at any time, in the
24 same manner, and to the same extent as in
25 the case of any other rule of that House.

1 (e) EFFECTIVE DATES.—

2 (1) EMPLOYEES.—The amendments made by
3 subsections (a) and (c)(1) apply to remuneration
4 paid after December 31, 2005.

5 (2) SELF-EMPLOYED INDIVIDUALS.—The
6 amendments made by subsections (b) and (c)(2)
7 apply to taxable years beginning after December 31,
8 2005.

9 (3) CONGRESSIONAL IMPLEMENTATION OF TAX
10 RATE ADJUSTMENT.—Subsection (d)(2) shall apply
11 to any report submitted to Congress under section
12 201(c)(6) of the Social Security Act after 2005.

13 **SEC. 112. MATCHING CONTRIBUTIONS.**

14 (a) IN GENERAL.—Part IV of subchapter A of chap-
15 ter 1 of the Internal Revenue Code of 1986 (relating to
16 credits against tax) is amended by adding at the end the
17 following new subpart:

18 **“Subpart H—Personal Retirement Account Credits**

“Sec. 54. Personal retirement account credit.”.

19 **“SEC. 54. PERSONAL RETIREMENT ACCOUNT CREDIT.**

20 “(a) ALLOWANCE OF CREDIT.—Each qualified part
21 B eligible individual is entitled to a credit for the taxable
22 year in an amount equal to the sum of—

23 “(1) \$100, and

24 “(2) an amount equal to—

1 “(A) 50 percent of the designated wages of
2 such individual for the taxable year,

3 “(B) 50 percent of the designated self-em-
4 ployment income of such individual for the tax-
5 able year, and

6 “(C) 50 percent of the designated earned
7 income credit.

8 “(b) LIMITATIONS.—

9 “(1) AMOUNT.—The amount determined under
10 paragraph (2) of subsection (a) with respect to such
11 individual for any taxable year may not exceed \$500.

12 “(2) FAILURE TO MAKE VOLUNTARY CONTRIBU-
13 TIONS.—In the case of a qualified part B eligible in-
14 dividual with respect to whom the amount of wages
15 designated under subparagraph (B) of section
16 3101(a)(2) plus the amount self-employment income
17 designated under subparagraph (B) of section
18 1401(a)(2) for the taxable year is zero, the credit to
19 which such individual is entitled under this section
20 shall be equal to zero.

21 “(c) DEFINITIONS.—For purposes of this section—

22 “(1) QUALIFIED PART B ELIGIBLE INDIV-
23 IDUAL.—The term ‘qualified part B eligible indi-
24 vidual’ means, for any calendar year, an individual—

1 “(A) who is an eligible individual (as de-
 2 fined in section 251(a)(2) of the Social Security
 3 Act) for such calendar year,

4 “(B) who is not less than 26 years-old for
 5 the entirety of such calendar year; and

6 “(C) who earns less than \$30,000 in wages
 7 (as defined in section 3121(a)) for such cal-
 8 endar year.

9 “(2) DESIGNATED WAGES.—The term ‘des-
 10 ignated wages’ means with respect to any taxable
 11 year the amount designated under subparagraph (B)
 12 of section 3101(a)(2).

13 “(3) DESIGNATED SELF-EMPLOYMENT IN-
 14 COME.—The term ‘designated self-employment in-
 15 come’ means with respect to any taxable year the
 16 amount designated under subparagraph (B) of sec-
 17 tion 1401(a)(2) for such taxable year.

18 “(4) DESIGNATED EARNED INCOME CREDIT.—
 19 The term ‘designated earned income credit’ means
 20 the amount of the credit allowed under section 32
 21 for the taxable year that is designated by the quali-
 22 fied part B eligible individual in the same manner as
 23 described in section 251 of the Social Security Act.

24 “(d) CREDIT USED ONLY FOR PERSONAL RETIRE-
 25 MENT ACCOUNT.—For purposes of this title, the credit al-

1 lowed under this section with respect to any qualified part
 2 B eligible individual—

3 “(1) shall not be treated as a credit allowed
 4 under this part, but

5 “(2) shall be treated as an overpayment of tax
 6 under section 6401(b)(3) which may, in accordance
 7 with section 6402(l), only be transferred to an per-
 8 sonal retirement account established under part B of
 9 title II of the Social Security Act with respect to
 10 such individual.

11 “(e) INFLATION ADJUSTMENT.—

12 “(1) IN GENERAL.—In the case of any taxable
 13 year beginning after 2006, the \$100 amount in sub-
 14 section (a) and the \$500 amount in subsection (b)
 15 shall each be increased by an amount equal to—

16 “(A) such dollar amount, multiplied by

17 “(B) the cost-of-living adjustment deter-
 18 mined under section 1(f)(3) for the calendar
 19 year in which the taxable year begins, deter-
 20 mined by substituting ‘calendar year 2006’ for
 21 ‘calendar year 1992’ in subparagraph (B)
 22 thereof.

23 “(2) ROUNDING.—If any amount adjusted
 24 under subparagraph (A) is not a multiple of \$10,

1 such amount shall be rounded to the next lowest
2 multiple of \$10.”.

3 (b) CONTRIBUTION OF EITC AMOUNTS TO PER-
4 SONAL RETIREMENT ACCOUNTS.—Section 32 of such
5 Code (relating to earned income) is amended by adding
6 at the end the following new subsection:

7 “(n) CONTRIBUTION TO PERSONAL RETIREMENT AC-
8 COUNT.—

9 “(1) IN GENERAL.—A qualified part B eligible
10 individual (as defined in section 54) who is allowed
11 a credit under this section may designate all or a
12 portion of such credit as a contribution to the per-
13 sonal retirement account established on behalf of
14 such individual.

15 “(2) CREDIT USED ONLY FOR PERSONAL RE-
16 TIREMENT ACCOUNT.—For purposes of this title, the
17 amount designated under paragraph (1) with respect
18 to any qualified part B eligible individual—

19 “(A) shall not be treated as a credit al-
20 lowed under this section, but

21 “(B) shall be treated as an overpayment of
22 tax under section 6401(b)(3) which may, in ac-
23 cordance with section 6402(l), only be trans-
24 ferred to an personal retirement account estab-

1 lished under part B of title II of the Social Se-
 2 curity Act with respect to such individual.”.

3 (c) CONTRIBUTION OF CREDITED AMOUNTS TO PER-
 4 SONAL RETIREMENT ACCOUNT.—

5 (1) CREDITED AMOUNTS TREATED AS OVER-
 6 PAYMENT OF TAX.—Subsection (b) of section 6401
 7 of such Code (relating to excessive credits) is amend-
 8 ed by adding at the end the following new para-
 9 graph:

10 “(3) SPECIAL RULE FOR CREDIT UNDER SEC-
 11 TIONS 32 AND 54.—Subject to the provisions of sec-
 12 tion 6402(l), the sum of the following shall be con-
 13 sidered an overpayment:

14 “(A) SECTION 54 CREDIT.—The amount of
 15 any credit allowed under section 54 for any tax-
 16 able year.

17 “(B) SECTION 32 DESIGNATED EARNED IN-
 18 COME CREDIT CONTRIBUTION.—The amount of
 19 the earned income credit designated as a con-
 20 tribution to an personal retirement account
 21 under section 32(n) for the taxable year.”.

22 (2) TRANSFER OF CREDIT AMOUNT PERSONAL
 23 RETIREMENT ACCOUNT.—Section 6402 of such Code
 24 (relating to authority to make credits or refunds) is

1 amended by adding at the end the following new
2 subsection:

3 “(l) OVERPAYMENTS ATTRIBUTABLE TO PERSONAL
4 RETIREMENT ACCOUNT CREDIT.—In the case of any
5 overpayment described in section 6401(b)(3) with respect
6 to any individual, the Secretary shall transfer for crediting
7 by the Commissioner of Social Security to the personal
8 retirement account of such individual, an amount equal
9 to the amount of such overpayment.”.

10 (d) NOTICE TO EITC RECIPIENTS OF MATCHING
11 CONTRIBUTIONS TO PERSONAL RETIREMENT SECURITY
12 ACCOUNTS.—In connection with information and tax
13 forms relating to the credit allowed under section 32 of
14 the Internal Revenue Code of 1986, the Secretary of the
15 Treasury shall provide notice of the availability of match-
16 ing contributions pursuant to section 54 of such Code (as
17 added by subsection (a) of this section) to personal retire-
18 ment accounts under part B of title II of the Social Secu-
19 rity Act.

20 (e) CONFORMING AMENDMENTS.—

21 (1) Section 1324(b)(2) of title 31, United
22 States Code, is amended by inserting before the pe-
23 riod at the end “, or enacted by the Social Security
24 Solvency and Modernization Act of 2003”.

(f) **EFFECTIVE DATE.**—The amendments made by this subsection shall apply to refunds payable after December 31, 2005.

(a) IN GENERAL.—Subchapter F of chapter 1 of the Internal Revenue Code of 1986 (relating to exempt organizations) is amended by adding at the end the following new part:

“Sec. 530A. Personal retirement account fund and federally-administered personal retirement accounts.

“Sec. 530B. Personal retirement accounts.

15 **“SEC. 530A. PERSONAL RETIREMENT ACCOUNT FUND AND**
16 **FEDERALLY-ADMINISTERED PERSONAL RE-**
17 **TIREMENT ACCOUNTS.**

18 “The Personal Retirement Account Fund established
19 under section 261 of the Social Security Act shall be ex-
20 empt from taxation under this subtitle.

22 “(a) IN GENERAL.—For purposes of this section, the
23 term ‘personal retirement account’ means a federally-ad-

1 ministered personal retirement account or a privately-ad-
 2 ministered personal retirement account.

3 “(b) PERSONAL RETIREMENT ACCOUNTS DE-
 4 FINED.—For purposes of subsection (a)—

5 “(1) FEDERALLY-ADMINISTERED PERSONAL
 6 RETIREMENT ACCOUNT.—The term ‘federally-admin-
 7 istered personal retirement account’ means the ac-
 8 count established under section 251 of the Social Se-
 9 curity Act.

10 “(2) PRIVATELY-ADMINISTERED PERSONAL RE-
 11 TIREMENT ACCOUNT.—The term ‘privately-adminis-
 12 tered personal retirement account’ means a trust
 13 created or organized in the United States exclusively
 14 for the benefit of an individual, but only if the writ-
 15 ten governing instrument creating the trust meets
 16 the following requirements:

17 “(A) Except in the case of rollover con-
 18 tributions from another personal retirement ac-
 19 count of such individual—

20 “(i) no contribution will be accepted
 21 unless it is in cash,

22 “(ii) contributions will not be accepted
 23 for the taxable year in excess of the sum
 24 of—

1 “(I) the amounts collected with
 2 respect to such individual under sec-
 3 tions 3101(a)(2) and 1401(a)(2), and

4 “(II) the amounts transferred to
 5 such account under section 6402(l),
 6 and

7 “(iii) any contributions with respect to
 8 an account holder which are not accepted
 9 pursuant to this paragraph are promptly
 10 refunded directly to the account holder.

11 “(B) The trustee is a institution which is
 12 certified under subpart 3 of part B of title II
 13 of the Social Security Act.

14 “(C) No part of the trust funds will be in-
 15 vested in life insurance contracts.

16 “(D) The interest of an individual in the
 17 balance in such individual’s account is non-
 18 forfeitable.

19 “(E) The assets of the trust will not be
 20 commingled with other property except in a
 21 common trust fund or common investment
 22 fund.

23 “(c) CONTRIBUTIONS.—

24 “(1) IN GENERAL.—No deduction shall be al-
 25 lowed for contributions credited to a personal retire-

1 ment account under section 251 of the Social Secu-
2 rity Act or amounts transferred to such account
3 under section 6402(l).

4 “(2) ROLLOVERS.—

5 “(A) ROLLOVER FROM PERSONAL RETIRE-
6 MENT ACCOUNT.—The entire balance of a per-
7 sonal retirement account of the account holder
8 may be rolled over to another personal retire-
9 ment account of the account holder.

10 “(B) ROLLOVER OF INHERITANCE.—Any
11 portion of a distribution to a spouse or an heir
12 from a personal retirement account made by
13 reason of the death of the beneficiary of such
14 account may be rolled over to the personal re-
15 tirement account of the spouse or heir.

16 “(d) TAX TREATMENT OF ACCOUNTS.—

17 “(1) EXEMPTION FROM TAX.—A personal re-
18 tirement account is exempt from taxation under this
19 subtitle unless such account has ceased to be a per-
20 sonal retirement account by reason of paragraph (2).
21 Notwithstanding the preceding sentence, any such
22 account is subject to the taxes imposed by section
23 511 (relating to imposition of tax on unrelated busi-
24 ness income of charitable, etc. organizations).

1 “(2) ACCOUNT TERMINATIONS.—Rules similar
 2 to the rules of paragraphs (2) and (4) of section
 3 408(e) shall apply to privately-administered personal
 4 retirement accounts, and any amount treated as dis-
 5 tributed under such rules shall be includible in gross
 6 income and shall not be treated as a social security
 7 benefit for purposes of section 86.

8 “(3) ROLLOVER CONTRIBUTION.—

9 “(A) IN GENERAL.—An amount is de-
 10 scribed in this paragraph as a rollover contribu-
 11 tion if it meets the requirements of subpara-
 12 graphs (B) and (C).

13 “(B) IN GENERAL.—The requirements of
 14 this subparagraph are met with respect to an
 15 amount paid or distributed from a personal re-
 16 tirement account to the account holder only if
 17 the entire amount in such account is received
 18 by the account holder and is paid into another
 19 personal retirement account for the benefit of
 20 such holder not later than the 60th day after
 21 the day on which the holder receives the pay-
 22 ment or distribution.

23 “(C) LIMITATION.—This paragraph shall
 24 not apply to any amount described in subpara-
 25 graph (A) received by an individual from a pri-

vately-administered personal retirement account if, at any time during the 1-year period ending on the day of such receipt, such individual received on 1 other occasions any other amount described in subparagraph (A) from a personal retirement account which was not includible in the individual's gross income because of the application of this paragraph.

“(e) DISTRIBUTIONS.—

“(1) IN GENERAL.—The portion of any distribution from a personal retirement account under section 254 of the Social Security Act which is attributable to amounts contributed to such account under section 3101(a)(2) (other than subparagraph (B) thereof) and section 1401(a)(2) (other than subparagraph (B) thereof), together with earnings thereon, shall be includible in gross income as a social security benefit for purposes of section 86.

“(2) VOLUNTARY CONTRIBUTIONS.—The portion of any distribution from a personal retirement account under section 254 of the Social Security Act which is attributable to amounts contributed to such account under subparagraph (B) of section 3101(a)(2), subparagraph (B) of section 1401(a)(2),

1 and section 6402(l), together with earnings thereon,
 2 shall not be includible in gross income.

3 “(3) PERIOD IN WHICH DISTRIBUTIONS MUST
 4 BE MADE FROM ACCOUNT OF DECEDENT.—In the
 5 case of amounts remaining in a personal retirement
 6 account from which distributions began before the
 7 death of the beneficiary, rules similar to the rules of
 8 section 401(a)(9)(B) shall apply to distributions of
 9 such remaining amounts.

10 “(4) ROLLOVERS.—Paragraph (1) shall not
 11 apply to amounts rolled over under subsection (c)(2)
 12 in a direct transfer by the Commissioner of Social
 13 Security, under regulations which the Commissioner
 14 shall prescribe.

15 “(f) ACCOUNT BENEFICIARY.—For purposes of this
 16 section, the account beneficiary is the individual for whose
 17 benefit the personal retirement account is established.”.

18 (b) CLERICAL AMENDMENT.—The table of parts for
 19 subchapter F of chapter 1 of the Internal Revenue Code
 20 of 1986 is amended by adding after the item relating to
 21 part VIII the following new item:

“Part IX. Personal retirement accounts.”.

22 (c) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply to taxable years beginning after
 24 December 31, 2005.

1 **TITLE II—SOCIAL SECURITY**
 2 **FINANCIAL SUSTAINABILITY**
 3 **Subtitle A—Commission on the Re-**
 4 **view of Federal Agencies and**
 5 **Programs**

6 **SEC. 201. ESTABLISHMENT OF COMMISSION.**

7 (a) **ESTABLISHMENT.**—There is established the Com-
 8 mission on the Review of Federal Agencies and Programs
 9 (hereafter in this subtitle referred to as the “Commis-
 10 sion”).

11 (b) **MEMBERSHIP.**—

12 (1) **INITIAL APPOINTMENT.**—The Commis-
 13 sioners shall be composed of 9 members of whom—

14 (A) 3 shall be appointed by the President
 15 of the United States;

16 (B) 2 shall be appointed by the Speaker of
 17 the House of Representatives;

18 (C) 1 shall be appointed by the minority
 19 Leader of the House of Representatives;

20 (D) 2 shall be appointed by the majority
 21 Leader of the Senate; and

22 (E) 1 shall be appointed by the minority
 23 Leader of the Senate.

24 (2) **CHAIRPERSON AND VICE CHAIRPERSON.**—

25 The President shall designate a chairperson and vice

1 chairperson from among the members of the Com-
 2 mission.

3 (c) TERMS.—

4 (1) IN GENERAL.—A member of the Commis-
 5 sion shall be appointed for a term of 6 years, except
 6 that with respect to the members initially ap-
 7 pointed—

8 (A) the members appointed under sub-
 9 section (b)(1)(A) shall be appointed for a term
 10 of 6 years;

11 (B) the members appointed under subpara-
 12 graphs (B) and (C) of subsection (b)(1) shall be
 13 appointed for terms of 4 years; and

14 (C) the members appointed under subpara-
 15 graphs (D) and (E) of subsection (b)(1) shall
 16 be appointed for terms of 2 years.

17 (2) EXPIRATION OF TERMS.—The term of any
 18 member shall not expire before the date on which
 19 the member's successor takes office.

20 (d) VACANCIES.—

21 (1) IN GENERAL.—Any vacancy (including an
 22 expired term) on the Commission shall be filled by
 23 an appointment made by the President in consulta-
 24 tion with the Speaker of the House of Representa-
 25 tives, the minority leader of the House of Represent-

1 atives, the majority Leader of the Senate, and the
 2 minority Leader of the Senate. Any person so ap-
 3 pointed shall be subject to any conditions which ap-
 4 plied with respect to the original appointment.

5 (2) REAPPOINTMENTS.—A member who has
 6 previously served on the commission may be re-
 7 appointed to the Commission in the manner de-
 8 scribed in paragraph (1).

9 (e) MEETINGS.—

10 (1) INITIAL MEETING.—Not later than 60 days
 11 after the date on which all members of the Commis-
 12 sion have been appointed, the Commission shall hold
 13 its first meeting.

14 (2) SUBSEQUENT MEETINGS.—The Commission
 15 shall meet at the call of the chairperson, but not less
 16 than once per year.

17 (f) QUORUM.—A majority of the members of the
 18 Commission shall constitute a quorum, but a lesser num-
 19 ber of members may hold hearings.

20 **SEC. 202. DUTIES OF THE COMMISSION.**

21 (a) DEFINITIONS.—For purposes of this subtitle:

22 (1) AGENCY.—

23 (A) IN GENERAL.—Except as provided in
 24 subparagraph (B), the term “agency” has the
 25 meaning given the term “Executive agency”

1 under section 105 of title 5, United States
2 Code.

3 (B) EXCEPTIONS.—The term “agency”
4 does not include—

5 (i) the Department of Defense or its
6 subdivisions; or

7 (ii) any agency that solely administers
8 entitlement programs.

9 (2) ENTITLEMENT PROGRAM.—The term “enti-
10 tlement program” means any program that makes
11 payments (including loans and grants), the budget
12 authority for which is not provided for in advance by
13 appropriation Acts, to any person or government if,
14 under the provisions of the law containing such au-
15 thority, the United States is obligated to make such
16 payments to persons or governments who meet the
17 requirements established by such law.

18 (3) PROGRAM.—

19 (A) IN GENERAL.—Except as provided in
20 subparagraph (B), the term “program” means
21 any activity or function of an agency.

22 (B) EXCEPTION.—The term “program”
23 does not include entitlement programs.

1 (4) INEQUITABLE FEDERAL SUBSIDY.—the
2 term “inequitable Federal subsidy” means a pay-
3 ment, benefit, service, or tax advantage that—

4 (A) is provided by the Federal Government
5 to any corporation, partnership, joint venture,
6 association, or business trust, but not includ-
7 ing—

8 (i) a nonprofit organization described
9 under section 501(c)(3) of the Internal
10 Revenue Code of 1986 that is exempt from
11 taxation under section 501(a) of such
12 Code; or

13 (ii) a State or local government or In-
14 dian Tribe or Alaska Native village or re-
15 gional or village corporation as defined in
16 or established pursuant to the Alaska Na-
17 tive Claims Settlement Act (43 U.S.C.
18 1601 et seq.);

19 (B) is provided without a reasonable expec-
20 tation, demonstrated with the use of reliable
21 performance criteria, that actions or activities
22 undertaken or performed in return for such
23 payment, benefit, service, or tax advantage
24 would result in a return or benefit, quantifiable
25 or nonquantifiable, to the public at least as

1 great as the payment, benefit, service, or tax
2 advantage; and

3 (C) provides an unfair competitive advan-
4 tage or financial windfall.

5 Such term shall not include a payment, benefit, serv-
6 ice, or tax advantage that is necessary to protect
7 Americans at home or abroad or to comply with
8 international trade or treaty obligations.

9 (5) TAXABLE PAYROLL.—The term “taxable
10 payroll” means the amount of wages (as defined
11 under section 3121(a) of the Internal Revenue Code
12 of 1986) taxable under chapter 21 of such Code and
13 the amount of self-employment income (as defined
14 under section 1402(b) of such Code) taxable under
15 chapter 2 of such Code, as determined by the Board
16 of Trustees of the Federal Old-Age and Survivors
17 Insurance Trust Fund and the Federal Disability
18 Insurance Trust Fund.

19 (b) IN GENERAL.—Each year, the Commission
20 shall—

21 (1) evaluate all agencies and programs within
22 those agencies, using the criteria under subsection
23 (c); and

24 (2) submit to Congress—

1 (A) a plan with recommendations of the in-
 2 equitable Federal subsidies, agencies, and pro-
 3 grams that should be realigned or eliminated to
 4 achieve savings equal to 1.25 percent of the
 5 taxable payroll for the preceding year; and

6 (B) proposed legislation to implement the
 7 plan described under subparagraph (A).

8 (c) CRITERIA.—

9 (1) INEQUITABLE FEDERAL SUBSIDY.—The
 10 Commission shall recommend the elimination of any
 11 inequitable Federal subsidy.

12 (2) DUPLICATIVE.—If 2 or more agencies or
 13 programs are performing the same essential function
 14 and the function can be consolidated or streamlined
 15 into a single agency or program, the Commission
 16 shall recommend that the agency or program be re-
 17 aligned.

18 (3) WASTEFUL OR INEFFICIENT.—The Com-
 19 mission shall recommend the realignment or elimi-
 20 nation of any agency or program that has wasted
 21 Federal funds by—

22 (A) egregious spending;

23 (B) mismanagement of resources and per-
 24 sonnel; or

1 (C) use of such funds for personal benefit
 2 or the benefit of a special interest group.

3 (4) OUTDATED, IRRELEVANT, OR FAILED.—The
 4 Commission shall recommend the elimination of any
 5 agency or program that—

6 (A) has completed its intended purpose;

7 (B) has become irrelevant; or

8 (C) has failed to meet its objectives.

9 (d) REPORTS.—

10 (1) TIMING.—

11 (A) IN GENERAL.—Except as provided in
 12 paragraph (2), the Commission shall submit to
 13 the President and Congress a report containing
 14 the information described in paragraph (2) not
 15 later the day on which the President submits
 16 the budget to Congress under section 1105 of
 17 title 31, United States Code.

18 (B) INITIAL REPORT.—Not later than 1
 19 year after the date of the enactment of this Act,
 20 the Commission shall submit to the President
 21 and Congress an initial report containing the
 22 information described in paragraph (2).

23 (2) CONTENTS OF REPORT.—The report de-
 24 scribed in paragraph (1) shall include—

1 (A) the plan described under subsection
2 (b)(2)(A), with supporting documentation for
3 all recommendations; and

4 (B) the proposed legislation described
5 under subsection (b)(2)(B).

6 **SEC. 203. POWERS OF THE COMMISSION.**

7 (a) HEARINGS.—The Commission or, at its direction,
8 any subcommittee or member of the Commission, may, for
9 the purpose of carrying out this subtitle—

10 (1) hold such hearings, sit and act at such
11 times and places, take such testimony, receive such
12 evidence, and administer such oaths as any member
13 of the Commission considers advisable;

14 (2) require, by subpoena or otherwise, the at-
15 tendance and testimony of such witnesses as any
16 member of the Commission considers advisable; and

17 (3) require, by subpoena or otherwise, the pro-
18 duction of such books, records, correspondence,
19 memoranda, papers, documents, tapes, and other
20 evidentiary materials relating to any matter under
21 investigation by the Commission.

22 (b) SUBPOENAS.—

23 (1) ISSUANCE.—Subpoenas issued under sub-
24 section (a) shall bear the signature of the chair-
25 person of the Commission and shall be served by any

1 person or class of persons designated by the chair-
2 person for that purpose.

3 (2) ENFORCEMENT.—In the case of contumacy
4 or failure to obey a subpoena issued under sub-
5 section (a), the United States district court for the
6 judicial district in which the subpoenaed person re-
7 sides, is served, or may be found, may issue an order
8 requiring such person to appear at any designated
9 place to testify or to produce documentary or other
10 evidence. Any failure to obey the order of the court
11 may be punished by the court as a contempt of that
12 court.

13 (c) INFORMATION FROM FEDERAL AGENCIES.—The
14 Commission may secure directly from any Federal depart-
15 ment or agency such information as the Commission con-
16 sidered necessary to carry out this subtitle. Upon request
17 of the chairperson of the Commission, the head of such
18 department or agency shall furnish such information to
19 the Commission.

20 (d) POSTAL SERVICES.—The Commission may use
21 the United States mails in the same manner and under
22 the same conditions as other departments and agencies of
23 the Federal Government.

24 (e) GIFTS.—The Commission may accept, use, and
25 dispose of gifts or donations of services or property.

1 **SEC. 204. COMMISSION PERSONNEL MATTERS.**

2 (a) COMPENSATION OF MEMBERS.—

3 (1) NON-FEDERAL MEMBERS.—Except as pro-
4 vided under subsection (b), each member of the
5 Commission who is not an officer or employee of the
6 Federal Government shall not be compensated.

7 (2) FEDERAL OFFICERS OR EMPLOYEES.—All
8 members of the Commission who are officers or em-
9 ployees of the United States shall serve without com-
10 pensation in addition to that received for their serv-
11 ices as officers or employees of the United States.

12 (b) TRAVEL EXPENSES.—The members of the Com-
13 mission shall be allowed travel expenses, including per
14 diem in lieu of subsistence, at rates authorized for employ-
15 ees of agencies under subchapter I of chapter 57 of title
16 5, United States Code, while away from their homes or
17 regular places of business in the performance of services
18 for the Commission.

19 (c) STAFF.—

20 (1) IN GENERAL.—The chairperson of the Com-
21 mission may, without regard to the civil service laws
22 and regulations, appoint and terminate an executive
23 director and such other additional personnel as may
24 be necessary to enable the Commission to perform
25 its duties. The employment of an executive director
26 shall be subject to confirmation by the Commission.

1 (2) COMPENSATION.—Upon the approval of the
2 chairperson, the executive director may fix the com-
3 pensation of the executive director and other per-
4 sonnel without regard to chapter 51 and subchapter
5 III of chapter 53 of title 5, United States Code, re-
6 lating to classification of positions and General
7 Schedule pay rates, except that the rate of pay for
8 the executive director and other personnel may not
9 exceed the maximum rate payable for a position at
10 GS-15 of the General Schedule under section 5332
11 of such title.

12 (3) PERSONNEL AS FEDERAL EMPLOYEES.—

13 (A) IN GENERAL.—The executive director
14 and any personnel of the Commission who are
15 employees shall be employees under section
16 2105 of title 5, United States Code, for pur-
17 poses of chapters 63, 81, 83, 84, 85, 87, 89,
18 and 90 of that title.

19 (B) MEMBERS OF COMMISSION.—Subpara-
20 graph (A) shall not be construed to apply to
21 members of the Commission.

22 (d) DETAIL OF GOVERNMENT EMPLOYEES.—Any
23 Federal Government employee may be detailed to the
24 Commission without reimbursement, and such detail shall

1 be without interruption or loss of civil service status or
2 privilege.

3 (e) PROCUREMENT OF TEMPORARY AND INTERMIT-
4 TENT SERVICES.—The chairperson of the Commission
5 may procure temporary and intermittent services under
6 section 3109(b) of title 5, United States Code, at rates
7 for individuals which do not exceed the daily equivalent
8 of the annual rate of basic pay prescribed for level V of
9 the Executive Schedule under section 5316 of such title.

10 **SEC. 205. CONGRESSIONAL CONSIDERATION OF REFORM**
11 **PROPOSALS.**

12 (a) DEFINITIONS.—In this section:

13 (1) IMPLEMENTATION BILL.—The term “imple-
14 mentation bill” means only a bill which is introduced
15 as provided under subsection (b), and contains the
16 proposed legislation included in the report submitted
17 to Congress under section 202, without modification.

18 (2) CALENDAR DAY.—The term “calendar day”
19 means a calendar day other than 1 on which either
20 House is not in session because of an adjournment
21 of more than 3 days to a date certain.

22 (b) INTRODUCTION; REFERRAL; AND REPORT OR
23 DISCHARGE.—

24 (1) INTRODUCTION.—On the first calendar day
25 on which both Houses are in session, on or imme-

diately following the date on which the report is submitted to Congress under section 202, a single implementation bill shall be introduced (by request)—

(A) in the Senate by the Majority Leader of the Senate, for himself and the Minority Leader of the Senate, or by Members of the Senate designated by the Majority Leader and Minority Leader of the Senate; and

(B) in the House of Representatives by the Speaker of the House of Representatives, for himself and the Minority Leader of the House of Representatives, or by Members of the House of Representatives designated by the Speaker and Minority Leader of the House of Representatives.

(2) REFERRAL.—The implementation bills introduced under paragraph (1) shall be referred to any appropriate committee of jurisdiction in the Senate and any appropriate committee of jurisdiction in the House of Representatives. A committee to which an implementation bill is referred under this paragraph may report such bill to the respective House without amendment.

(3) REPORT OR DISCHARGE.—If a committee to which an implementation bill is referred has not re-

1 ported such bill by the end of the 15th calendar day
2 after the date of the introduction of such bill, such
3 committee shall be immediately discharged from fur-
4 ther consideration of such bill, and upon being re-
5 ported or discharged from the committee, such bill
6 shall be placed on the appropriate calendar.

7 (c) FLOOR CONSIDERATION.—

8 (1) IN GENERAL.—When the committee to
9 which an implementation bill is referred has re-
10 ported, or has been discharged under subsection
11 (b)(3), it is at any time thereafter in order (even
12 though a previous motion to the same effect has
13 been disagreed to) for any Member of the respective
14 House to move to proceed to the consideration of the
15 implementation bill, and all points of order against
16 the implementation bill (and against consideration of
17 the implementation bill) are waived. The motion is
18 highly privileged in the House of Representatives
19 and is privileged in the Senate and is not debatable.
20 The motion is not subject to amendment, or to a
21 motion to postpone, or to a motion to proceed to the
22 consideration of other business. A motion to recon-
23 sider the vote by which the motion is agreed to or
24 disagreed to shall not be in order. If a motion to
25 proceed to the consideration of the implementation

1 bill is agreed to, the implementation bill shall remain
2 the unfinished business of the respective House until
3 disposed of.

4 (2) AMENDMENTS.—An implementation bill
5 may not be amended in the Senate or the House of
6 Representatives.

7 (3) DEBATE.—Debate on the implementation
8 bill, and on all debatable motions and appeals in
9 connection therewith, shall be limited to not more
10 than 10 hours, which shall be divided equally be-
11 tween those favoring and those opposing the resolu-
12 tion. A motion further to limit debate is in order and
13 not debatable. An amendment to, or a motion to
14 postpone, or a motion to proceed to the consider-
15 ation of other business, or a motion to recommit the
16 implementation bill is not in order. A motion to re-
17 consider the vote by which the implementation bill is
18 agreed to or disagreed to is not in order.

19 (4) VOTE ON FINAL PASSAGE.—Immediately
20 following the conclusion of the debate on an imple-
21 mentation bill, and a single quorum call at the con-
22 clusion of the debate if requested in accordance with
23 the rules of the appropriate House, the vote on final
24 passage of the implementation bill shall occur.

1 (5) RULINGS OF THE CHAIR ON PROCEDURE.—

2 Appeals from the decisions of the Chair relating to
3 the application of the rules of the Senate or the
4 House of Representatives, as the case may be, to the
5 procedure relating to an implementation bill shall be
6 decided without debate.

7 (d) COORDINATION WITH ACTION BY OTHER
8 HOUSE.—If, before the passage by 1 House of an imple-
9 mentation bill of that House, that House receives from
10 the other House an implementation bill, then the following
11 procedures shall apply:

12 (1) NONREFERRAL.—The implementation bill
13 of the other House shall not be referred to a com-
14 mittee.

15 (2) VOTE ON BILL OF OTHER HOUSE.—With
16 respect to an implementation bill of the House re-
17 ceiving the implementation bill—

18 (A) the procedure in that House shall be
19 the same as if no implementation bill had been
20 received from the other House; but

21 (B) the vote on final passage shall be on
22 the implementation bill of the other House.

23 (e) RULES OF SENATE AND HOUSE OF REPRESENTA-
24 TIVES.—This section is enacted by Congress—

1 (1) as an exercise of the rulemaking power of
 2 the Senate and House of Representatives, respec-
 3 tively, and as such it is deemed a part of the rules
 4 of each House, respectively, but applicable only with
 5 respect to the procedure to be followed in that
 6 House in the case of an implementation bill de-
 7 scribed in subsection (a), and it supersedes other
 8 rules only to the extent that it is inconsistent with
 9 such rules; and

10 (2) with full recognition of the constitutional
 11 right of either House to change the rules (so far as
 12 relating to the procedure of that House) at any time,
 13 in the same manner, and to the same extent as in
 14 the case of any other rule of that House.

15 **SEC. 206. TRANSFER OF 1.25 PERCENT OF TAXABLE PAY-**
 16 **ROLL TO SOCIAL SECURITY.**

17 Not later than September 30 of each year, the Sec-
 18 retary of the Treasury shall transfer an amount equal to
 19 1.25 percent of the taxable payroll for the preceding cal-
 20 endar year to the Federal Old-Age and Survivors Insur-
 21 ance Trust Fund.

22 **SEC. 207. AUTHORIZATION OF APPROPRIATIONS.**

23 There are authorized to be appropriated such sums
 24 as may be necessary for carrying out this subtitle.

1 **Subtitle B—Other Sustainability**
2 **Provisions**

3 **SEC. 211. REDUCTION IN THE AMOUNT OF CERTAIN TRANS-**
4 **FERS TO MEDICARE TRUST FUND.**

5 Subparagraph (A) of section 121(e)(1) of the Social
6 Security Amendments of 1983 (42 U.S.C. 401 note), as
7 amended by section 13215(c)(1) of the Omnibus Budget
8 Reconciliation Act of 1993, is amended—

9 (1) in clause (ii), by striking “the amounts”
10 and inserting “the applicable percentage of the
11 amounts”; and

12 (2) by adding at the end the following: “For
13 purposes of clause (ii), the applicable percentage for
14 a year is equal to 100 percent, reduced (but not
15 below zero) by 10 percentage points for each year
16 after 2005.”.

17 **SEC. 212. MECHANISM FOR REMEDYING UNFORESEEN DE-**
18 **TERIORATION IN SOCIAL SECURITY SOL-**
19 **VENCY.**

20 (a) IN GENERAL.—Section 709 of the Social Security
21 Act (42 U.S.C. 910) is amended—

22 (1) by redesignating subsection (b) as sub-
23 section (c); and

1 (2) by striking “SEC. 709. (a) If the Board of
2 Trustees” and all that follows through “any such
3 Trust Fund” and inserting the following:

4 “SEC. 709. (a)(1)(A) If the Board of Trustees of the
5 Federal Old-Age and Survivors Insurance Trust Fund and
6 the Federal Disability Insurance Trust Fund determines
7 at any time, using intermediate actuarial assumptions,
8 that the balance ratio of either such Trust Fund for any
9 calendar year during the succeeding period of 75 calendar
10 years will be zero, the Board shall promptly submit to
11 Congress and to the President a report setting forth its
12 recommendations for statutory adjustments affecting the
13 receipts and disbursements of such Trust Fund necessary
14 to maintain the balance ratio of such Trust Fund at not
15 less than 50 percent, with due regard to the economic con-
16 ditions which created such inadequacy in the balance ratio
17 and the amount of time necessary to alleviate such inad-
18 equacy in a prudent manner. The report shall set forth
19 specifically the extent to which benefits would have to be
20 reduced, taxes under section 1401, 3101, or 3111 of the
21 Internal Revenue Code of 1986 would have to be in-
22 creased, or a combination thereof, in order to obtain the
23 objectives referred to in the preceding sentence.

24 “(B) If the Board of Trustees of the Federal Old-
25 Age and Survivors Insurance Trust Fund and the Federal

1 Disability Insurance Trust Fund determines at any time,
2 using intermediate actuarial assumptions, that the balance
3 ratio of either such Trust Fund for any calendar year dur-
4 ing the succeeding period of 75 calendar years will be 200
5 percent or greater, the Board shall promptly submit to
6 Congress and to the President a report setting forth its
7 recommendations on any of the following:

8 “(i) An increase in the amount of contributions
9 for personal retirement accounts under part B of
10 title II of the Social Security Act.

11 “(ii) An increase in the benefits under part A
12 of title II of the Social Security Act.

13 “(iii) A reduction in the tax rate under chapters
14 2 and 21 of the Internal Revenue Code of 1986.

15 “(iv) Any other proposal which ensures ade-
16 quate benefits for individuals covered under title II
17 of the Social Security Act and maintains the sol-
18 vency and sustainability of the Federal Old-Age and
19 Survivors Insurance Trust Fund and the Federal
20 Disability Insurance Trust Fund.

21 “(2)(A) The President shall, not later than 30 days
22 after the submission of any report under paragraph (1),
23 transmit to the Board and to Congress a report containing
24 the President’s approval or disapproval of the Board’s rec-
25 ommendations.

1 “(B) If the President approves all the recommenda-
2 tions of the Board, the President shall transmit a copy
3 of such recommendations to Congress as the President’s
4 recommendations, together with a certification of the
5 President’s adoption of such recommendations.

6 “(C) If the President disapproves the recommenda-
7 tions of the Board, in whole or in part, the President shall
8 transmit to the Board and to Congress the reasons for
9 that disapproval. The Board shall then transmit to Con-
10 gress and the President, not later than 60 days after the
11 date of the submission of the original report to the Presi-
12 dent, a revised list of recommendations.

13 “(D) If the President approves all of the revised rec-
14 ommendations of the Board transmitted to the President
15 under subparagraph (C), the President shall transmit a
16 copy of such revised recommendations to Congress as the
17 President’s recommendations, together with a certification
18 of the President’s adoption of such recommendations.

19 “(E) If the President disapproves the revised rec-
20 ommendations of the Board, in whole or in part, the Presi-
21 dent shall transmit to the Board and to Congress the rea-
22 sons for that disapproval, together with such revisions to
23 such recommendations as the President determines are
24 necessary to bring such recommendations within the
25 President’s approval. The President shall transmit a copy

1 of such recommendations, as so revised, to the Board and
2 Congress as the President’s recommendations, together
3 with a certification of the President’s adoption of such rec-
4 ommendations.

5 “(3)(A) This paragraph is enacted by Congress—

6 “(i) as an exercise of the rulemaking power of
7 the Senate and the House of Representatives, re-
8 spectively, and as such it is deemed a part of the
9 rules of each House, respectively, but applicable only
10 with respect to the procedure to be followed in that
11 House in the case of a joint resolution described in
12 subparagraph (B), and it supersedes other rules only
13 to the extent that it is inconsistent with such rules;
14 and

15 “(ii) with full recognition of the constitutional
16 right of either House to change the rules (so far as
17 relating to the procedure of that House) at any time,
18 in the same manner, and to the same extent as in
19 the case of any other rule of that House.

20 “(B) For purposes of this paragraph, the term ‘joint
21 resolution’ means only a joint resolution which is intro-
22 duced within the 10-day period beginning on the date on
23 which the President transmits the President’s rec-
24 ommendations, together with the President’s certification,

1 to Congress under subparagraph (B), (D), or (E) of para-
 2 graph (2), and—

3 “(i) which does not have a preamble;

4 “(ii) the matter after the resolving clause of
 5 which is as follows: ‘That the Congress approves the
 6 recommendations of the President as transmitted on
 7 _____ pursuant to section 709(a) of the Social Secu-
 8 rity Act, as follows: _____’, the first blank space
 9 being filled in with the appropriate date and the sec-
 10 ond blank space being filled in with the statutory ad-
 11 justments contained in the recommendations; and

12 “(iii) the title of which is as follows: ‘Joint reso-
 13 lution approving the recommendations of the Presi-
 14 dent regarding social security.’.

15 “(C) A joint resolution described in subparagraph
 16 (B) that is introduced in the House of Representatives
 17 shall be referred to the Committee on Ways and Means
 18 of the House of Representatives. A joint resolution de-
 19 scribed in subparagraph (B) introduced in the Senate
 20 shall be referred to the Committee on Finance of the Sen-
 21 ate.

22 “(D) If the committee to which a joint resolution de-
 23 scribed in subparagraph (B) is referred has not reported
 24 such joint resolution (or an identical joint resolution) by
 25 the end of the 20-day period beginning on the date on

1 which the President transmits the recommendation to
2 Congress under paragraph (2), such committee shall be,
3 at the end of such period, discharged from further consid-
4 eration of such joint resolution, and such joint resolution
5 shall be placed on the appropriate calendar of the House
6 involved.

7 “(E)(i) On or after the third day after the date on
8 which the committee to which such a joint resolution is
9 referred has reported, or has been discharged (under sub-
10 paragraph (D)) from further consideration of, such a joint
11 resolution, it is in order (even though a previous motion
12 to the same effect has been disagreed to) for any Member
13 of the respective House to move to proceed to the consider-
14 ation of the joint resolution. A Member may make the mo-
15 tion only on the day after the calendar day on which the
16 Member announces to the House concerned the Member’s
17 intention to make the motion, except that, in the case of
18 the House of Representatives, the motion may be made
19 without such prior announcement if the motion is made
20 by direction of the committee to which the joint resolution
21 was referred. All points of order against the joint resolu-
22 tion (and against consideration of the joint resolution) are
23 waived. The motion is highly privileged in the House of
24 Representatives and is privileged in the Senate and is not
25 debatable. The motion is not subject to amendment, or

1 to a motion to postpone, or to a motion to proceed to the
2 consideration of other business. A motion to reconsider the
3 vote by which the motion is agreed to or disagreed to shall
4 not be in order. If a motion to proceed to the consideration
5 of the joint resolution is agreed to, the respective House
6 shall immediately proceed to consideration of the joint res-
7 olution without intervening motion, order, or other busi-
8 ness, and the joint resolution shall remain the unfinished
9 business of the respective House until disposed of.

10 “(ii) Debate on the joint resolution, and on all debat-
11 able motions and appeals in connection therewith, shall be
12 limited to not more than 2 hours, which shall be divided
13 equally between those favoring and those opposing the
14 joint resolution. An amendment to the joint resolution is
15 not in order. A motion further to limit debate is in order
16 and not debatable. A motion to postpone, or a motion to
17 proceed to the consideration of other business, or a motion
18 to recommit the joint resolution is not in order. A motion
19 to reconsider the vote by which the joint resolution is
20 agreed to or disagreed to is not in order.

21 “(iii) Immediately following the conclusion of the de-
22 bate on a joint resolution described in subparagraph (B)
23 and a single quorum call at the conclusion of the debate
24 if requested in accordance with the rules of the appro-

1 priate House, the vote on final passage of the joint resolu-
 2 tion shall occur.

3 “(iv) Appeals from the decisions of the Chair relating
 4 to the application of the rules of the Senate or the House
 5 of Representatives, as the case may be, to the procedure
 6 relating to a joint resolution described in subparagraph
 7 (B) shall be decided without debate.

8 “(F)(i) If, before the passage by one House of a joint
 9 resolution of that House described in subparagraph (B),
 10 that House receives from the other House a joint resolu-
 11 tion described in subparagraph (B), then the following
 12 procedures shall apply:

13 “(I) The joint resolution of the other House
 14 shall not be referred to a committee and may not be
 15 considered in the House receiving it except in the
 16 case of final passage as provided in subclause (II).

17 “(II) With respect to a joint resolution de-
 18 scribed in subparagraph (B) of the House receiving
 19 the joint resolution, the procedure in that House
 20 shall be the same as if no joint resolution had been
 21 received from the other House, but the vote on final
 22 passage shall be on the joint resolution of the other
 23 House.

24 “(ii) Upon disposition of the joint resolution received
 25 from the other House, it shall no longer be in order to

1 consider the joint resolution that originated in the receiv-
 2 ing House.

3 “(b) If the Board of Trustees of the Federal Hospital
 4 Insurance Trust Fund or the Federal Supplementary
 5 Medical Insurance Trust Fund determines at any time
 6 that the balance ratio of either such Trust Fund”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 709(b) of the Social Security Act
 9 (as amended by subsection (a) of this section) is
 10 amended by striking “any such” and inserting “ei-
 11 ther such”.

12 (2) Section 709(c) of such Act (as redesignated
 13 by subsection (a) of this section) is amended by in-
 14 serting “or (b)” after “subsection (a)”.

15 **TITLE III—ADJUSTMENTS FOR** 16 **WIDOWS’ AND WIDOWERS’ IN-** 17 **SURANCE BENEFITS**

18 **SEC. 301. ADJUSTMENTS FOR WIDOWS’ AND WIDOWERS’ IN-** 19 **SURANCE BENEFITS.**

20 (a) WIDOW’S BENEFIT.—Section 202(e)(2)(A) of the
 21 Social Security Act (42 U.S.C. 402(e)(2)(A)) is amended
 22 by striking “equal to” and all that follows and inserting
 23 “equal to the greater of—

24 “(i) the primary insurance amount (as deter-
 25 mined for purposes of this subsection after applica-

1 tion of subparagraphs (B) and (C)) of such deceased
2 individual, or

3 “(ii) the lesser of—

4 “(I) 75 percent of the joint benefit which
5 would have been received by the widow or sur-
6 viving divorced wife and the deceased individual
7 for such month if such individual had not died,
8 or

9 “(II) the benefit which would have been re-
10 ceived by the widow or surviving divorced wife
11 if such individual’s contributions were based on
12 the average contribution and benefit base
13 amount (determined under section 230) for
14 each contribution base year (as determined
15 under section 215(b)(2)(B)(ii)) of such indi-
16 vidual.”.

17 (b) WIDOWER’S BENEFIT.—Section 202(f)(3)(A) of
18 the Social Security Act (42 U.S.C. 402(b)(3)(A)) is
19 amended by striking “equal to” and all that follows and
20 inserting “equal to the greater of—

21 “(i) the primary insurance amount (as deter-
22 mined for purposes of this subsection after applica-
23 tion of subparagraphs (B) and (C)) of such deceased
24 individual, or

25 “(ii) the lesser of—

1 “(I) 75 percent of the joint benefit which
 2 would have been received by the widow or sur-
 3 viving divorced wife and the deceased individual
 4 for such month if such individual had not died,
 5 or

6 “(II) the benefit which would have been re-
 7 ceived by the widower or surviving divorced hus-
 8 band if such individual’s contributions were
 9 based on the average contribution and benefit
 10 base amount (determined under section 230)
 11 for each contribution base year (as determined
 12 under section 215(b)(2)(B)(ii)) of such indi-
 13 vidual.”.

14 (c) EFFECTIVE DATE.—The amendments made by
 15 this section shall apply individuals entitled to benefits
 16 after the date of enactment of this Act.

17 **TITLE IV—INVESTOR** 18 **EDUCATION PROGRAMS**

19 **SEC. 401. ESTABLISHMENT OF THE COMMISSION TO** 20 **STRENGTHEN FINANCIAL EDUCATION PRO-** 21 **GRAMS.**

22 (a) ESTABLISHMENT.—There is established the Com-
 23 mission to Strengthen Financial Education Programs (in
 24 this Act referred to as the “Commission”).

25 (b) MEMBERSHIP.—

1 (1) COMPOSITION.—The Commission shall be
2 composed of 12 members of whom—

3 (A) 1 shall be the Chairman of the Per-
4 sonal Retirement Account Board;

5 (B) 1 shall be the Secretary of the Treas-
6 ury;

7 (C) 1 shall be the Secretary of Education;

8 (D) 1 shall be the Chairman of the Federal
9 Reserve Board;

10 (E) 1 shall be the Secretary of Labor;

11 (F) 1 shall be the Commissioner of the So-
12 cial Security Administration;

13 (G) 1 shall be the Chairman of the Securi-
14 ties and Exchange Commission; and

15 (H) 5 shall be appointed by the President
16 from among persons who are recognized in the
17 field of promoting understanding of financial
18 literacy issues.

19 (2) DATE.—The appointments of the members
20 of the Commission under paragraph (1)(H) shall be
21 made not later than 30 days after the date of the
22 enactment of this Act.

23 (c) PERIOD OF APPOINTMENT; VACANCIES.—Mem-
24 bers shall be appointed for the life of the Commission. Any
25 vacancy in the Commission shall not affect its powers, but

1 shall be filled in the same manner as the original appoint-
2 ment.

3 (d) INITIAL MEETING.—Not later than 60 days after
4 the date of the enactment of this Act, the Commission
5 shall hold its first meeting.

6 (e) MEETINGS.—The Commission shall meet at the
7 call of the Chairman.

8 (f) QUORUM.—A majority of the members of the
9 Commission shall constitute a quorum, but a lesser num-
10 ber of members may hold hearings.

11 (g) CHAIRMAN AND VICE CHAIRMAN.—The Commis-
12 sion shall select a Chairman and Vice Chairman from
13 among its members.

14 **SEC. 402. DUTIES OF THE COMMISSION.**

15 (a) STUDY.—

16 (1) IN GENERAL.—The Commission shall con-
17 duct a thorough study of all matters relating to pro-
18 grams to increase the financial literacy of Ameri-
19 cans.

20 (2) MATTERS STUDIED.—The matters studied
21 by the Commission shall include—

22 (A) existing Federal and non-Federal fi-
23 nancial literacy programs, including a review
24 and performance evaluation of such programs;

1 (B) the coordination of existing Federal
2 and non-Federal financial education efforts; and

3 (C) ideas for new public initiatives to in-
4 crease the financial literacy of all Americans.

5 (b) RECOMMENDATIONS.—The Commission shall de-
6 velop recommendations on—

7 (1) streamlining existing financial literacy pro-
8 grams;

9 (2) increasing financial literacy for all Ameri-
10 cans; and

11 (3) new avenues for public-private partnerships
12 in financial literacy.

13 (c) REPORT.—Not later than 6 months after the date
14 of the enactment of this Act, the Commission shall submit
15 a report to the President and to Congress which shall con-
16 tain a detailed statement of the findings and conclusions
17 of the Commission, together with its recommendations for
18 such legislation and administrative actions as it considers
19 appropriate.

20 **SEC. 403. POWERS OF THE COMMISSION.**

21 (a) HEARINGS.—The Commission may hold such
22 hearings, sit and act at such times and places, take such
23 testimony, and receive such evidence as the Commission
24 considers advisable to carry out this Act.

1 (b) INFORMATION FROM FEDERAL AGENCIES.—The
2 Commission may secure directly from any Federal depart-
3 ment or agency such information as the Commission con-
4 sider necessary to carry out this Act. Upon request of
5 the Chairman of the Commission, the head of such depart-
6 ment or agency shall furnish such information to the Com-
7 mission.

8 (c) POSTAL SERVICES.—The Commission may use
9 the United States mails in the same manner and under
10 the same conditions as other departments and agencies of
11 the Federal Government.

12 (d) GIFTS.—The Commission may accept, use, and
13 dispose of gifts or donations of services or property.

14 **SEC. 404. COMMISSION PERSONNEL MATTERS.**

15 (a) COMPENSATION OF MEMBERS.—Each member of
16 the Commission who is not an officer or employee of the
17 Federal Government shall be compensated at a rate equal
18 to the daily equivalent of the annual rate of basic pay pre-
19 scribed for level IV of the Executive Schedule under sec-
20 tion 5315 of title 5, United States Code, for each day (in-
21 cluding travel time) during which such member is engaged
22 in the performance of the duties of the Commission. All
23 members of the Commission who are officers or employees
24 of the United States shall serve without compensation in

1 addition to that received for their services as officers or
2 employees of the United States.

3 (b) TRAVEL EXPENSES.—The members of the Com-
4 mission shall be allowed travel expenses, including per
5 diem in lieu of subsistence, at rates authorized for employ-
6 ees of agencies under subchapter I of chapter 57 of title
7 5, United States Code, while away from their homes or
8 regular places of business in the performance of services
9 for the Commission.

10 (c) STAFF.—

11 (1) IN GENERAL.—The Chairman of the Com-
12 mission may, without regard to the civil service laws
13 and regulations, appoint and terminate an executive
14 director and such other additional personnel as may
15 be necessary to enable the Commission to perform
16 its duties. The employment of an executive director
17 shall be subject to confirmation by the Commission.

18 (2) COMPENSATION.—The Chairman of the
19 Commission may fix the compensation of the execu-
20 tive director and other personnel without regard to
21 chapter 51 and subchapter III of chapter 53 of title
22 5, United States Code, relating to classification of
23 positions and General Schedule pay rates, except
24 that the rate of pay for the executive director and
25 other personnel may not exceed the rate payable for

1 level V of the Executive Schedule under section 5316
2 of such title.

3 (d) DETAIL OF GOVERNMENT EMPLOYEES.—Any
4 Federal Government employee may be detailed to the
5 Commission without reimbursement, and such detail shall
6 be without interruption or loss of civil service status or
7 privilege.

8 (e) PROCUREMENT OF TEMPORARY AND INTERMIT-
9 TENT SERVICES.—The Chairman of the Commission may
10 procure temporary and intermittent services under section
11 3109(b) of title 5, United States Code, at rates for individ-
12 uals which do not exceed the daily equivalent of the annual
13 rate of basic pay prescribed for level V of the Executive
14 Schedule under section 5316 of such title.

15 **SEC. 405. TERMINATION OF THE COMMISSION.**

16 The Commission shall terminate 90 days after the
17 date on which the Commission submits its report under
18 section 402(c).

19 **SEC. 406. AUTHORIZATION OF APPROPRIATIONS.**

20 (a) IN GENERAL.—There are authorized to be appro-
21 priated such sums as are necessary for fiscal year 2004
22 to the Commission to carry out this title.

1 (b) AVAILABILITY.—Any sums appropriated under
2 the authorization contained in this section shall remain
3 available, without fiscal year limitation, until expended.

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