

109TH CONGRESS
1ST SESSION

H. R. 3304

To amend the Social Security Act and the Internal Revenue Code of 1986 to stop the Congress from spending Social Security's tax revenue surpluses on other Government programs by dedicating those surpluses to personal accounts.

IN THE HOUSE OF REPRESENTATIVES

JULY 14, 2005

Mr. McCRERY (for himself, Mr. SHAW, Mr. SAM JOHNSON of Texas, Mr. RYAN of Wisconsin, Mr. SHADEGG, Mr. HERGER, Mr. LEWIS of Kentucky, Mr. BRADY of Texas, Mr. CANTOR, Mr. CHOCOLA, Mr. AKIN, Mr. ALEXANDER, Mr. BACHUS, Mr. BAKER, Mr. BARRETT of South Carolina, Mr. BARTLETT of Maryland, Mr. BISHOP of Utah, Mr. CONAWAY, Mr. FEENEY, Ms. FOXX, Mr. FLAKE, Mr. GILCHREST, Mr. GINGREY, Mr. HENSARLING, Mr. ISSA, Mr. ISTOOK, Mr. JINDAL, Mr. KINGSTON, Mr. KUHLM of New York, Mr. McCAUL of Texas, Mr. McHENRY, Mrs. MYRICK, Mrs. NORTHUP, Mr. PENCE, Mr. PITTS, Mr. PRICE of Georgia, Mr. SESSIONS, Mr. WELDON of Florida, and Mr. WICKER) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Social Security Act and the Internal Revenue Code of 1986 to stop the Congress from spending Social Security's tax revenue surpluses on other Government programs by dedicating those surpluses to personal accounts.

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

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

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Growing Real Ownership for Workers Act of 2005”.

4 (b) TABLE OF CONTENTS.—The table of contents is
5 as follows:

Sec. 1. Short title; table of contents.

TITLE I—GROW ACCOUNTS PROGRAM

Sec. 101. Establishment of the GROW Accounts Program.

“PART B—GROW ACCOUNTS PROGRAM

“Sec. 251. Definitions.

“Sec. 252. Establishment of Program.

“Sec. 253. Participation in Program.

“Sec. 254. Interim investment by Board.

“Sec. 255. GROW accounts.

“Sec. 256. Investment of accounts.

“Sec. 257. Distributions of account balance at retirement.

“Sec. 258. Treatment of part A benefit payments.

“Sec. 259. Additional rules relating to disposition of account assets.

“Sec. 260. Administration of the Program.

Sec. 102. Annual account statements.

Sec. 103. Report and Congressional consideration of proposals regarding alter-
native investment options and other matters.

TITLE II—TAX TREATMENT

Sec. 201. Tax treatment of GROW accounts.

Sec. 202. Benefits taxable as Social Security benefits.

Sec. 203. Estate tax not to apply to assets of GROW accounts.

6 **TITLE I—GROW ACCOUNTS**
7 **PROGRAM**

8 **SEC. 101. ESTABLISHMENT OF THE GROW ACCOUNTS PRO-**
9 **GRAM.**

10 (a) IN GENERAL.—Title II of the Social Security Act
11 is amended—

12 (1) by inserting before section 201 the fol-
13 lowing:

1 “PART A—INSURANCE BENEFITS”; and

2 (2) by adding at the end of such title the fol-
3 lowing new part:

4 “PART B—GROW ACCOUNTS PROGRAM

5 “DEFINITIONS

6 “SEC. 251. For purposes of this part—

7 “(1) PARTICIPATING INDIVIDUAL.—The term
8 ‘participating individual’ has the meaning provided
9 in section 253(a).

10 “(2) ACCOUNT ASSETS.—The term ‘account as-
11 sets’ means, with respect to a GROW account, the
12 total amount transferred to such account, increased
13 by earnings credited under this part and reduced by
14 losses and administrative expenses under this part.

15 “(3) CERTIFIED ACCOUNT MANAGER.—The
16 term ‘certified account manager’ means a person
17 who is certified under section 260(b).

18 “(4) BOARD.—The term ‘Board’ means the
19 GROW Accounts Board established under section
20 260(a)(1).

21 “(5) EXECUTIVE DIRECTOR.—The term ‘Execu-
22 tive Director’ means the Executive Director of the
23 Board appointed under section 260(a)(2).

24 “(6) COMMISSIONER.—The term ‘Commis-
25 sioner’ means the Commissioner of Social Security.

1 “(7) PROGRAM.—The term ‘Program’ means
2 the GROW Accounts Program established under this
3 part.

4 “(8) RETIREMENT BENEFIT.—The term ‘retire-
5 ment benefit’ means, with respect to any month—

6 “(A) an old-age insurance benefit under
7 section 202(a) for such month,

8 “(B) a wife’s insurance benefit or hus-
9 band’s insurance benefit under subsection (b)
10 or (c) of section 202 for such month, if the wife
11 or husband has attained age 62 as of the end
12 of such month,

13 “(C) a widow’s insurance benefit or wid-
14 ower’s insurance benefit under subsection (e) or
15 (f) of section 202 for such month, if the widow
16 or widower has attained age 60 as of the end
17 of such month, and

18 “(D) a parent’s insurance benefit under
19 section 202(h).

20 “(9) RETIREMENT DATE.—The term ‘retire-
21 ment date’ means, in connection with an individual,
22 the earliest date on which such individual—

23 “(A) is entitled to a benefit described in
24 subparagraph (A) or (D) of paragraph (8), or

1 “(B) is entitled to a benefit described in
2 subparagraph (B) or (C) of paragraph (8) and
3 has attained the age described in such subpara-
4 graph.

5 “ESTABLISHMENT OF PROGRAM

6 “SEC. 252. There is hereby established a GROW Ac-
7 counts Program. Except as otherwise provided under this
8 part, the Program shall be governed by regulations which
9 shall be prescribed by the GROW Accounts Board. The
10 Board, the Commissioner, and the Secretary of the Treas-
11 ury shall consult with each other in issuing regulations
12 relating to their respective duties under this part. Such
13 regulations shall provide for appropriate exchange of in-
14 formation to assist them in performing their respective du-
15 ties under this part.

16 “PARTICIPATION IN PROGRAM

17 “SEC. 253. (a) PARTICIPATING INDIVIDUAL.—For
18 purposes of this part, the term ‘participating individual’
19 means any individual—

20 “(1) who is a citizen or national of the United
21 States or has been assigned a social security account
22 number that was, at the time of assignment, or at
23 any later time, consistent with the requirements of
24 subclause (I) or (III) of section 205(c)(2)(B)(i),

25 “(2) who is credited under part A with wages
26 paid for services performed after December 31,

1 2005, or self-employment income derived in any tax-
2 able year ending after such date,

3 “(3) who is born on or after January 1, 1950,
4 and

5 “(4) with respect to whom there is no election
6 in effect which has been made in a timely fashion
7 under subsection (b) to renounce such individual’s
8 status as a participating individual or there is in ef-
9 fect an election under subsection (c) to renounce an
10 election under subsection (b).

11 The Commissioner shall notify the Board of the identity
12 of each individual described in paragraphs (1), (2), and
13 (3).

14 “(b) RENUNCIATION OF PARTICIPATION.—

15 “(1) IN GENERAL.—An individual may elect, in
16 such form and manner as shall be prescribed in reg-
17 ulations of the Board, to renounce such individual’s
18 status as a ‘participating individual’ for purposes of
19 this part.

20 “(2) IF ELECTION IS TIMELY.—

21 “(A) IN GENERAL.—If an individual makes
22 an election under this subsection in timely fash-
23 ion (as determined under regulations of the
24 Board), such individual shall not be treated as
25 a participating individual under this part, effec-

1 tive as if such individual had never been a par-
2 ticipating individual.

3 “(B) PROCEDURE.—The Board, in con-
4 sultation with the Secretary of the Treasury
5 and the Commissioner, shall prescribe by regu-
6 lation procedures governing the termination of
7 an individual’s status as a ‘participating indi-
8 vidual’ pursuant to an election described in sub-
9 paragraph (A). Such procedures shall include—

10 “(i) prompt closing of the individual’s
11 GROW account established under section
12 255, and

13 “(ii) proper crediting of the balance of
14 the account to the Federal Old-Age and
15 Survivors Insurance Trust Fund and the
16 Federal Disability Insurance Trust Fund,
17 allocated between the Trust Funds as de-
18 termined appropriate by the Commissioner.

19 “(3) IF ELECTION IS NOT TIMELY.—If an indi-
20 vidual makes an election under this subsection other
21 than in timely fashion (as determined under regula-
22 tions of the Board), GROW account deposits to such
23 individual’s GROW account shall cease as soon as
24 practicable after the date of the election, but such
25 individual shall continue to be treated as a partici-

1 pating individual with respect to the balance in such
2 individual's GROW account.

3 “(4) NOTIFICATION REQUIREMENT.—The
4 Board shall provide for immediate notification of
5 any election under this subsection to the Commis-
6 sioner and the Secretary of the Treasury.

7 “(c) REINSTATEMENT OF PARTICIPATION.—

8 “(1) IN GENERAL.—Any individual who has
9 filed an election under subsection (b) to renounce
10 such individual's status as a ‘participating indi-
11 vidual’ under this part may elect, in such form and
12 manner as shall be prescribed in regulations of the
13 Board, to reinstate such status. Such regulations
14 shall provide for regular, periodic opportunities for
15 the filing of such an election.

16 “(2) EFFECTIVENESS OF REINSTATEMENT.—
17 An election under this subsection shall be effective
18 with respect to wages earned, and self-employment
19 income derived, beginning on the earliest date on
20 which the Board determines it is practicable to make
21 such election effective following the date of the filing
22 of the election. The individual filing the election
23 shall be treated as becoming a participating indi-
24 vidual under this part on the effective date of the
25 election as if such individual first met the require-

1 ments of subsection (a) on such date. Nothing in
2 this paragraph shall be construed to affect the rights
3 or status of an individual with respect to whom
4 GROW account deposits have ceased under sub-
5 section (b)(3) with respect to the balance in such in-
6 dividual's GROW account at the time of such indi-
7 vidual's election described in subsection (b)(3).

8 “(3) IRREVOCABILITY.—An election under this
9 subsection shall be irrevocable.

10 “(4) NOTIFICATION REQUIREMENT.—The
11 Board shall provide for immediate notification of
12 any election under this subsection to the Commis-
13 sioner and the Secretary of the Treasury.

14 “INTERIM INVESTMENT BY BOARD

15 “SEC. 254. (a) TRANSFERS TO THE BOARD.—

16 “(1) IN GENERAL.—During each calendar year,
17 the Secretary of the Treasury shall transfer to the
18 Board, for deposit into an interim fund maintained
19 by the Board, from amounts held in the general
20 fund of the Treasury, amounts equal, in the aggre-
21 gate, to 100 percent of the net OASDI Trust Fund
22 surplus for such calendar year.

23 “(2) NET OASDI TRUST FUND SURPLUS.—For
24 purposes of paragraph (1), the term ‘net OASDI
25 Trust Fund surplus’ for a calendar year means the
26 excess, if any, of—

1 “(A) the sum of—

2 “(i) the total amounts which are ap-
3 propriated to the Federal Old-Age and
4 Survivors Insurance Trust Fund and the
5 Federal Disability Insurance Trust Fund
6 under subsections (a) and (b) of section
7 201 and attributable to such calendar year,
8 and

9 “(ii) the total amounts which are ap-
10 propriated to such Trust Funds under sec-
11 tion 121 of the Social Security Amend-
12 ments of 1983 and attributable to such
13 calendar year, over

14 “(B) the amount estimated by the Com-
15 missioner to be the total amount to be paid
16 from such Trust Funds during such calendar
17 year for all purposes authorized by section 201
18 (other than payments of interest on, and repay-
19 ments of, loans from the Federal Hospital In-
20 surance Trust Fund under section 201(l)(1),
21 but excluding any transfer payments between
22 such Trust Funds and reducing the amount of
23 any transfer to the Railroad Retirement Ac-
24 count by the amount of any transfers into such
25 Trust Funds from such Account).

1 “(3) TRANSFERS BASED ON ESTIMATES.—The
2 amounts transferred to the Board pursuant to para-
3 graph (1) shall be transferred in at least monthly
4 payments from the general fund of the Treasury to
5 the Board. Such amounts shall be determined on the
6 basis of estimates, by the Commissioner and cer-
7 tified to the Secretary of the Treasury, and proper
8 adjustments shall be made in amounts subsequently
9 transferred to the extent prior estimates were in ex-
10 cess of or were less than actual amounts.

11 “(4) INVESTMENT.—Amounts held in the in-
12 terim fund maintained by the Board pursuant to
13 paragraph (1) shall be invested by the Board in the
14 same manner as is provided under section 256(c)(1).

15 “(b) SEPARATE ACCOUNTING AND CREDITING.—The
16 Board shall provide for prompt, separate crediting of the
17 amounts received by the Board under subsection (a) to
18 the GROW account deposit to be made for each calendar
19 year under section 255(b) with respect to each partici-
20 pating individual. Such crediting shall be performed as
21 soon as practicable.

22 “GROW ACCOUNTS

23 “SEC. 255. (a) ESTABLISHMENT OF ACCOUNTS.—
24 Under regulations which shall be prescribed by the Board
25 in consultation with the Secretary of the Treasury—

1 “(1) the Board shall establish a GROW account
2 for each individual who is a participating individual
3 (for whom a GROW account has not otherwise been
4 established under this part) upon receipt of notice
5 from the Commissioner that the requirements of
6 paragraphs (1), (2), and (3) of section 253(a) are
7 met with respect to such individual, and

8 “(2) as provided in paragraph (2) of section
9 259(a) and paragraph (2) of section 259(b), the
10 Board shall establish a GROW account for divorced
11 spouses and surviving spouses referred to in such
12 paragraphs.

13 “(b) TRANSFERS TO GROW ACCOUNTS.—

14 “(1) IN GENERAL.—Under regulations which
15 shall be prescribed by the Board, upon crediting of
16 amounts equivalent to the GROW account deposit
17 with respect to each participating individual for a
18 calendar year pursuant to section 254(b), the Board
19 shall transfer such amounts, from the interim fund
20 maintained by the Board pursuant to section
21 254(a)(1), to the participating individual’s GROW
22 account.

23 “(2) GROW ACCOUNT DEPOSIT.—

24 “(A) IN GENERAL.—For purposes of para-
25 graph (1), the GROW account deposit for a cal-

1 endar year with respect to a participating indi-
2 vidual is the product derived by multiplying—

3 “(i) the sum of—

4 “(I) the total amount of wages
5 paid to the participating individual
6 during such calendar year on which
7 there was imposed a tax under section
8 3101(a) of the Internal Revenue Code
9 of 1986, and

10 “(II) the total amount of self-em-
11 ployment income derived by the par-
12 ticipating individual during the tax-
13 able year ending during such calendar
14 year on which there was imposed a
15 tax under section 1401(a) of the In-
16 ternal Revenue Code of 1986, by

17 “(ii) the surplus percentage for such
18 calendar year determined under subpara-
19 graph (B),

20 increased at a monthly rate equivalent to the
21 average monthly rate of the yield on amounts
22 held in the interim fund maintained by the
23 Board pursuant to section 254(a)(1) from July
24 1 of such calendar year to the date of the de-
25 posit into the GROW account (minus the rat-

1 able portion with respect to such participating
2 individual of the total amount determined by
3 the Board as administrative costs for such cal-
4 endar year of such interim fund, not to exceed
5 30 basis points per year of the assets held in
6 such interim fund).

7 “(B) SURPLUS PERCENTAGE.—For pur-
8 poses of subparagraph (A)(ii), the term ‘surplus
9 percentage’ means, for a calendar year, the
10 ratio, expressed as a percentage, which—

11 “(i) the net OASDI Trust Fund sur-
12 plus for such calendar year (determined
13 under section 254(a)(2)), bears to

14 “(ii) the sum of—

15 “(I) the total amount of wages
16 paid to participating individuals dur-
17 ing such calendar year on which there
18 was imposed a tax under section
19 3101(a) of the Internal Revenue Code
20 of 1986, and

21 “(II) the total amount of self-em-
22 ployment income derived by partici-
23 pating individuals during taxable
24 years ending during such calendar
25 year on which there was imposed a

1 tax under section 1401(a) of such
2 Code.

3 “(3) CESSATION OF GROW ACCOUNT DEPOS-
4 ITS.—No wages paid to a participating individual,
5 and no self-employment income derived by a partici-
6 pating individual, after the date on which such indi-
7 vidual first becomes entitled to a retirement benefit
8 shall be taken into account in determining wages
9 and self-employment income for purposes of para-
10 graph (2)(A)(i).

11 “(4) TRANSITION RULE.—Notwithstanding
12 paragraph (1), amounts payable to GROW accounts
13 under paragraph (1) with respect to the first cal-
14 endar year described in paragraph (1) ending after
15 the date of the enactment of the Growing Real Own-
16 ership for Workers Act of 2005 shall be paid by the
17 Board as soon as practicable after the Board deter-
18 mines that the administrative mechanisms necessary
19 to provide for accurate and efficient payment of such
20 amounts have been established, but no later than 2
21 years after such date.

22 “(c) REQUIREMENTS FOR ACCOUNTS.—The following
23 requirements shall be met with respect to each GROW ac-
24 count:

1 “(1) The account assets consist solely of
2 amounts deposited or transferred pursuant to this
3 part, including investment earnings thereon under
4 section 256.

5 “(2) In accordance with section 256, the ac-
6 count assets are held for purposes of investment
7 under the Program by a certified account manager
8 designated by (or on behalf of) the participating in-
9 dividual for whom such account is established under
10 the Program.

11 “(3) Disposition of the account assets is made
12 solely in accordance with sections 257 and 259.

13 “(d) ACCOUNTING OF RECEIPTS AND DISBURSE-
14 MENTS UNDER THE PROGRAM.—The Board shall provide
15 by regulation for an accounting system for purposes of
16 this part—

17 “(1) which shall be maintained by or under the
18 Executive Director,

19 “(2) which shall provide for crediting of earn-
20 ings to, and debiting of losses and administrative ex-
21 penses from, amounts held in GROW accounts, and

22 “(3) under which receipts and disbursements
23 under the Program which are attributable to each
24 account are separately accounted for with respect to
25 such account.

1 “(e) CORRECTION OF ERRONEOUS TRANSFERS.—
 2 The Board, in consultation with the Commissioner, shall
 3 provide by regulation rules similar to paragraphs (4)
 4 through (7) and (9) of section 205(c) with respect to the
 5 correction of errors or omissions in determinations of
 6 amounts to be transferred to GROW accounts, and rules
 7 providing for the transfer, between such accounts and the
 8 interim fund maintained by the Board, of amounts nec-
 9 essary to compensate for such errors and omissions. In
 10 connection with the implementation of such rules, section
 11 205(g) shall apply by substituting, for any reference there-
 12 in to the Commissioner, a reference to the Board.

13 “INVESTMENT OF ACCOUNTS

14 “SEC. 256. (a) DESIGNATION OF CERTIFIED AC-
 15 COUNT MANAGERS.—Under the Program, a certified ac-
 16 count manager shall be designated by or on behalf of each
 17 participating individual to hold for investment under this
 18 section the account assets of such individual’s GROW ac-
 19 count.

20 “(b) PROCEDURE FOR DESIGNATION.—Any designa-
 21 tion made under subsection (a) shall be made at such
 22 times and in such form and manner as shall be prescribed
 23 in regulations prescribed by the Board. Such regulations
 24 shall provide for annual selection periods during which
 25 participating individuals may make designations pursuant
 26 to subsection (a). Designations made pursuant to sub-

1 section (a) during any such period shall be irrevocable for
2 the one-year period following such period, except that such
3 regulations shall provide for such interim designations as
4 may be necessitated by the decertification of a certified
5 account manager. Such regulations shall provide for such
6 designations made by the Board on behalf of a partici-
7 pating individual in any case in which a timely designation
8 is not made by the participating individual.

9 “(c) INVESTMENT.—The account assets of a partici-
10 pating individual’s GROW account which are not nec-
11 essary for immediate withdrawal (including administrative
12 costs charged in accordance with section 259(e)(1)) shall
13 be invested on behalf of such participating individual by
14 the certified account manager as follows:

15 “(1) INVESTMENT IN MARKETABLE GOVERN-
16 MENT SECURITIES.—In a representative mix of fixed
17 marketable interest-bearing obligations of the United
18 States then forming a part of the public debt which
19 are not due or callable earlier than 4 years after the
20 date of investment.

21 “(2) ADDITIONAL AND ALTERNATIVE INVEST-
22 MENTS.—Beginning at such time as the Board im-
23 plements an investment options plan to provide addi-
24 tional and alternative investment options in accord-
25 ance with section 103 of the Growing Real Owner-

1 ship for Workers Act of 2005, in such funds as a
2 participating individual may elect that are offered
3 under such plan.

4 “DISTRIBUTIONS OF ACCOUNT BALANCE AT RETIREMENT

5 “SEC. 257. (a) AVAILABILITY FOR DISTRIBUTION.—

6 The GROW account of any participating individual shall
7 be available for distribution under this section only—

8 “(1) on or after the participating individual’s
9 retirement date, and

10 “(2) in such form and manner as is provided in
11 this section.

12 “(b) REQUIREMENTS FOR ANNUITY DISTRIBUTIONS.—

13 TIONS.—
14 “(1) IN GENERAL.—In any case in which dis-
15 tribution of all or a portion of the balance of a par-
16 ticipating individual’s GROW account is to be made
17 in the form of an annuity, in accordance with regu-
18 lations which shall be prescribed by the Board, the
19 Executive Director shall provide for such distribu-
20 tion in the form of an annuity—

21 “(A) which shall be purchased from the
22 Board, as soon as practicable after the partici-
23 pating individual’s retirement date, from annu-
24 ities offered by the Board, including such annu-
25 ities as may be made available under proce-

1 dures established by the Board pursuant to
2 subsection (f), and

3 “(B) which meets the requirements of this
4 subsection.

5 “(2) ANNUITY STARTING DATE.—The annuity
6 starting date (as defined in section 72(c)(4) of the
7 Internal Revenue Code of 1986) of any annuity re-
8 ferred to in paragraph (1) shall be the first day of
9 the month beginning after the date of the purchase
10 of the annuity.

11 “(3) LEVEL PAYMENTS.—Subject to paragraph
12 (4) and subsection (d), the terms of any annuity re-
13 ferred to in paragraph (1) shall provide for a series
14 of substantially equal annual payments, payable
15 monthly to the participating individual during the
16 life of the participating individual.

17 “(4) COST OF LIVING ADJUSTMENT.—The
18 terms of any annuity referred to in paragraph (1)
19 shall include provision for increases in the monthly
20 annuity payments thereunder determined in the
21 same manner and at the same rate as primary in-
22 surance amounts are increased under section 215(i).

23 “(5) ASSUMPTIONS.—Determinations under
24 this subsection shall be made in accordance with
25 regulations which shall be prescribed by the Board,

1 providing for the use of generally accepted actuarial
2 assumptions, except that no differentiation shall be
3 made in such assumptions on the basis of sex, race,
4 health status, or other characteristics other than
5 age. Such assumptions shall include the life expect-
6 ancy of persons born in the same year as the partici-
7 pating individual, projected investment earnings
8 based on investment of the account assets, expected
9 price inflation, and reasonable administrative costs.

10 “(c) MINIMUM ANNUITY REQUIREMENT.—

11 “(1) IN GENERAL.—Except as provided in para-
12 graph (3), in any case in which the total amount of
13 retirement benefits payable under section 258(a) to
14 a participating individual for the month in which oc-
15 curs the participating individual’s retirement date is
16 less than the monthly poverty line for such month,
17 under regulations which shall be prescribed by the
18 Board, all or a portion of the participating individ-
19 ual’s GROW account balance shall be distributed in
20 the form of an annuity offered by the Board which
21 meets the requirements of subsection (b) and is in
22 the form of a minimum annuity.

23 “(2) MINIMUM ANNUITY DEFINED.—

24 “(A) IN GENERAL.—For purposes of this
25 subsection, the term ‘minimum annuity’ means

1 an annuity under which the monthly payments
2 are equal to at least the minimum annuity
3 amount (subject to subsections (b) and (d)(1)).

4 “(B) MINIMUM ANNUITY AMOUNT.—For
5 purposes of subparagraph (A), the term ‘min-
6 imum annuity amount’ means an amount equal
7 to the excess (but not less than zero) of—

8 “(i) the monthly poverty line for the
9 month in which occurs the participating in-
10 dividual’s retirement date, over

11 “(ii) the total amount of retirement
12 benefits payable under section 258(a) to
13 the participating individual for such
14 month.

15 “(C) MONTHLY POVERTY LINE.—For pur-
16 poses of this subparagraph (B)(i), the term
17 ‘monthly poverty line’ for any month means the
18 monthly equivalent of the poverty line for an in-
19 dividual (determined under the poverty guide-
20 lines of the Department of Health and Human
21 Services issued under section 673(2) of the Om-
22 nibus Budget Reconciliation Act of 1981), as
23 most recently published prior to the date of the
24 annuity purchase in the Federal Register by the
25 Department of Health and Human Services.

1 “(3) EXCEPTION FOR MINIMAL ACCOUNT BAL-
2 ANCES.—Paragraph (1) shall not apply in any case
3 in which the assets of the GROW account are insuf-
4 ficient to purchase a minimum annuity.

5 “(d) REQUIREMENT OF JOINT AND SURVIVOR ANNU-
6 ITY.—

7 “(1) IN GENERAL.—Except as provided in para-
8 graph (2), if the participating individual is married
9 as of the participating individual’s retirement date,
10 the entire GROW account balance available for dis-
11 tribution shall be distributed in the form of an annu-
12 ity—

13 “(A) which meets the requirements of sub-
14 section (b), and

15 “(B) is in the form of a joint and survivor
16 annuity under which payments are made during
17 the joint lives of the participating individual
18 and the participating individual’s spouse, with a
19 survivor annuity for the life of the one of them
20 who survives the other for the life of the sur-
21 vivor which is not less than $66\frac{2}{3}$ percent of
22 (and not greater than 100 percent of) the
23 amount which would have continued to be pay-
24 able to the participating individual but for the
25 death of either spouse.

1 “(2) ELECTION.—Paragraph (1) shall not apply
2 in any case in which the participating individual and
3 his or her spouse elect (in such form and manner as
4 shall be prescribed by the Board) not to take the
5 distribution of the participating individual’s GROW
6 account in the form described in paragraph (1).

7 “(e) AUTHORITY TO CONTRACT FOR ANNUITIES.—
8 The Board may, under regulations prescribed by the
9 Board, contract with insurance companies in the private
10 sector through competitive bidding to provide for annuities
11 to be offered by the Board under this section in cases in
12 which the Board determines that annuities obtained in
13 such manner would be in the best interest of participating
14 individuals and administrative costs for such annuities
15 would be reasonable.

16 “(f) OTHER DISTRIBUTIONS.—The Board shall pro-
17 vide by regulation for distribution, on or after the partici-
18 pating individual’s retirement date, of any balance in the
19 GROW account of a participating individual which re-
20 mains available for distribution after the preceding re-
21 quirements of this section, and the requirements for dis-
22 tribution under any payout options plan which has been
23 implemented by the Board pursuant to section 103 of the
24 Growing Real Ownership for Workers Act of 2005, have
25 been met. Any such distribution shall be in the form of

1 a lump sum or in any other form provided for by the
2 Board and elected by the participating individual.

3 “TREATMENT OF PART A BENEFIT PAYMENTS

4 “SEC. 258. (a) APPLICATION OF GROW ACCOUNT
5 CREDITS AND EXCESS GROW ACCOUNT CREDITS.—The
6 total amount payable to an individual under part A as re-
7 tirement benefits for any month shall be equal to the ex-
8 cess (but not less than zero) of—

9 “(1) the total amount payable (after all applica-
10 ble deductions and reductions) as determined with-
11 out regard to this section and section 202(z), over

12 “(2) the sum of—

13 “(A) the amount of the individual’s GROW
14 account credit for such month (if any), plus

15 “(B) the sum of the excess GROW account
16 credits for such month (if any) determined in
17 the case of such individual for such month
18 under subsection (c).

19 “(b) GROW ACCOUNT CREDIT.—

20 “(1) IN GENERAL.—In accordance with regula-
21 tions of the Board, the Board shall determine, for
22 purposes of this section, the GROW account credit
23 of each participating individual for each month for
24 which such individual is entitled to any retirement
25 benefit.

1 “(2) DETERMINATION OF GROW ACCOUNT
2 CREDIT.—

3 “(A) IN GENERAL.—The GROW account
4 credit of a participating individual for any
5 month shall be equal to the amount which
6 would be the monthly payment for such month
7 under an annuity—

8 “(i) purchased with the participating
9 individual’s benchmark account balance,
10 and

11 “(ii) meeting the requirements of sec-
12 tion 257(b) and of section 257(d) (with no
13 election under section 257(d)(2) and a re-
14 duction for the survivor annuity to 66 $\frac{2}{3}$
15 percent).

16 “(B) REDUCTION IN GROW ACCOUNT
17 CREDIT IN THE CASE OF SURVIVORS.—In any
18 case in which the participating individual is
19 married as of the participating individual’s re-
20 tirement date, the GROW account credit deter-
21 mined for any month in connection with the
22 participating individual shall reflect, for months
23 after the death of the participating individual or
24 the death of the participating individual’s
25 spouse, a reduction in the amount of the sur-

vivor annuity described in section 257(d)(1) to
66²/₃ percent.

“(C) BENCHMARK ACCOUNT BALANCE.—

For purposes of subparagraph (A), the benchmark account balance is an amount equal to—

“(i) the total amount deposited into
the participating individual’s GROW account under section 255(b) as of immediately before the participating individual’s retirement date,

“(ii) increased by any net deposits to the account, and decreased by any net withdrawals from the account, under section 259(a), occurring prior to such date,

“(iii) increased by any deposits to the account under section 259(b) in the case of a spouse who dies prior to such spouse’s retirement date, and

“(iv) adjusted, under regulations of the Board, to reflect any net increase or any net decrease in the balance, as it accrued under clauses (i), (ii), and (iii), which would be attributable to investment of the balance in the manner described in section 256(c)(1), assuming payment of

1 administrative costs at the rate experi-
2 enced in connection with investments of
3 the account assets of the participating in-
4 dividual's GROW account under section
5 256 (not to exceed 30 basis points per
6 year).

7 “(c) EXCESS GROW ACCOUNT CREDIT.—

8 “(1) IN GENERAL.—In accordance with regula-
9 tions of the Board meeting the requirements of this
10 section, for purposes of determining under sub-
11 section (a) the total amount payable to any indi-
12 vidual under part A as retirement benefits for any
13 month, the Board shall determine, in the case of any
14 such individual who was married to his or her
15 spouse on such spouse's retirement date, the excess
16 GROW account credit of such spouse for such
17 month.

18 “(2) DETERMINATION OF EXCESS GROW AC-
19 COUNT CREDIT.—The excess GROW account credit
20 of the spouse referred to in paragraph (1) for a
21 month is the excess (not less than zero) of—

22 “(A) such spouse's GROW account credit
23 for such month, over

1 “(B) the total of the retirement benefits (if
 2 any) to which such spouse is entitled for such
 3 month.

4 “ADDITIONAL RULES RELATING TO DISPOSITION OF
 5 ACCOUNT ASSETS

6 “SEC. 259. (a) SPLITTING OF ACCOUNT ASSETS
 7 UPON DIVORCE AFTER 1 YEAR OF MARRIAGE.—Subject
 8 to subsection (c)—

9 “(1) IN GENERAL.—In the case of a divorce of
 10 a participating individual for whom a GROW ac-
 11 count has been established under this part, if the di-
 12 vorce occurs—

13 “(A) prior to the participating individual’s
 14 retirement date, and

15 “(B) the participating individual and his
 16 or her divorced spouse were married to each
 17 other for at least 1 year prior to the date of the
 18 divorce,

19 the Board shall, upon the date of the divorce, direct
 20 the appropriate certified account manager to trans-
 21 fer, from the GROW account of the participating in-
 22 dividual to the GROW account of the divorced
 23 spouse, an amount equal to one-half of the total
 24 amount of GROW account deposits made to the
 25 GROW account of the participating individual under
 26 section 255(b) during the period of the marriage

1 (taking into account earnings and losses attributable
2 to such deposits during such period), disregarding,
3 for purposes of determining such total amount, any
4 amounts similarly transferred, pursuant to this
5 paragraph, to such participating individual's account
6 from the account (if any) of such divorced spouse.

7 “(2) TREATMENT OF DIVORCED SPOUSE WHO
8 IS NOT A PARTICIPATING INDIVIDUAL.—In the case
9 of a divorced spouse referred to in paragraph (1)
10 who, as of the time of the transfer required under
11 paragraph (1), is not a participating individual—

12 “(A) the divorced spouse shall be deemed
13 a participating individual for purposes of this
14 part (subject to renunciation under section
15 253(b)), and

16 “(B) the Board shall establish a GROW
17 account for the divorced spouse and shall direct
18 the appropriate certified account manager to
19 perform the transfer.

20 “(3) PREEMPTION.—The provisions of this sub-
21 section, and subsection (c) (to the extent it relates
22 to this subsection), shall supersede any provision of
23 law of any State or political subdivision thereof
24 which is inconsistent with the requirements of this
25 subsection.

1 “(b) CLOSING OF ACCOUNT UPON THE DEATH OF
2 THE PARTICIPATING INDIVIDUAL.—Subject to subsection
3 (c)—

4 “(1) IN GENERAL.—Upon the death of a par-
5 ticipating individual, the Executive Director shall
6 close out any remaining balance in the participating
7 individual’s GROW account. In closing out the ac-
8 count, the Executive Director shall certify to the cer-
9 tified account manager the amount of the account
10 assets, and, upon receipt of such certification, the
11 certified account manager shall transfer from such
12 account an amount equal to such certified amount to
13 the Secretary of the Treasury for subsequent trans-
14 fer to—

15 “(A) the GROW account of the surviving
16 spouse of such participating individual,

17 “(B) if there is no person described in sub-
18 paragraph (A), to such other person as may be
19 designated by the participating individual in ac-
20 cordance with regulations which shall be pre-
21 scribed by the Board,

22 “(C) if there is no person described in sub-
23 paragraph (A) or (B), to such successors in in-
24 terest to such balance as may be specified
25 under applicable law and claim such interest

1 (within such reasonable time and in such form
2 and manner as shall be prescribed in regula-
3 tions of the Board), or

4 “(D) if there is no person described in sub-
5 paragraph (A), (B), or (C), to the Federal Old-
6 Age and Survivors Insurance Trust Fund and
7 the Federal Disability Insurance Trust Fund,
8 allocated between such Trust Funds as deter-
9 mined appropriate by the Commissioner.

10 “(2) TREATMENT OF SURVIVING SPOUSE WHO
11 IS NOT A PARTICIPATING INDIVIDUAL.—In the case
12 of a surviving spouse referred to in paragraph (1)
13 who, as of the time of the death of the participating
14 individual, is not a participating individual—

15 “(A) the surviving spouse shall be deemed
16 a participating individual for purposes of this
17 part (subject to renunciation under section
18 253(b)), and

19 “(B) the Board shall establish a GROW
20 account for the surviving spouse and shall di-
21 rect the appropriate certified account manager
22 to perform the such transfer.

23 “(3) DEATH DETERMINATIONS AND ABAN-
24 DONED ACCOUNTS.—The Board shall prescribe rules
25 similar to the rules applicable under part A for pur-

1 poses of determining whether an individual has died
 2 and such individual's date of death, including rules
 3 for treatment under this subsection of abandoned
 4 accounts.

5 “(c) CLOSING OF ACCOUNT OF PARTICIPATING INDIVIDUALS WHO ARE INELIGIBLE FOR BENEFITS UPON APPLICABLE CLOSE-OUT DATE.—

8 “(1) IN GENERAL.—In any case in which a participating individual is not eligible for a retirement
 9 benefit as of the applicable close-out date, the Commissioner shall so certify to the Executive Director
 10 and, upon receipt of such certification, the Executive Director shall close out the participating individual's
 11 GROW account. In closing out the account, the Executive Director shall certify to the certified account
 12 manager the amount of the account assets, and upon receipt of such certification from the Executive
 13 Director, the account manager shall transfer from such account an amount equal to such certified
 14 amount to the Secretary of the Treasury for subsequent transfer to the participating individual.

22 “(2) APPLICABLE CLOSE-OUT DATE.—For purposes of paragraph (1), the term ‘applicable close-out date’, in connection with a participating individual, means the later of—

1 “(A) the date on which the participating
2 individual attains retirement age (as defined in
3 section 216(l)), or

4 “(B) in the case of a participating indi-
5 vidual who is married on the date on which the
6 participating individual attains retirement age
7 (as so defined), the date on which the partici-
8 pating individual’s spouse attains retirement
9 age (as so defined), or dies before attaining
10 such age.

11 “(d) ADMINISTRATIVE EXPENSES.—

12 “(1) IN GENERAL.—Under regulations which
13 shall be prescribed by the Board, account assets are
14 available for payment of the reasonable administra-
15 tive costs of the Program (including reasonable ad-
16 ministration fees charged by certified account man-
17 agers under the Program), but in no event to exceed
18 30 basis points per year of the assets under manage-
19 ment.

20 “(2) TEMPORARY AUTHORIZATION OF APPRO-
21 PRIATIONS FOR STARTUP ADMINISTRATIVE COSTS.—

22 For any such administrative costs that remain after
23 applying paragraph (1) for each of the first 5 fiscal
24 years that end after the date on which GROW ac-
25 counts are first established under section 255(a),

1 there are authorized to be appropriated such sums
2 as may be necessary for each of such fiscal years.

3 “ADMINISTRATION OF THE PROGRAM

4 “SEC. 260. (a) GENERAL PROVISIONS.—

5 “(1) ESTABLISHMENT AND DUTIES OF THE
6 GROW ACCOUNTS BOARD.—

7 “(A) ESTABLISHMENT.—There is estab-
8 lished in the Executive branch of the Govern-
9 ment a GROW Accounts Board.

10 “(B) NUMBER AND APPOINTMENT.—The
11 Board shall be composed of 7 members as fol-
12 lows:

13 “(i) 3 members appointed by the
14 President, of whom 1 shall be designated
15 by the President as Chairman; and

16 “(ii) 4 members appointed by the
17 President, of whom—

18 “(I) 2 shall be appointed by the
19 President after taking into consider-
20 ation the recommendations made by
21 the Speaker of the House of Rep-
22 resentatives in consultation with the
23 minority leader of the House of Rep-
24 resentatives; and

25 “(II) 2 shall be appointed by the
26 President after taking into consider-

1 ation the recommendations made by
2 the majority leader of the Senate in
3 consultation with the minority leader
4 of the Senate.

5 “(C) MEMBERSHIP REQUIREMENTS.—
6 Members of the Board shall have substantial
7 experience, training, and expertise in the man-
8 agement of financial investments and pension
9 benefit plans. No more than 4 of the members
10 of the Board may be of the same political party.

11 “(D) TERMS.—Each member of the Board
12 shall be appointed for a term of 4 years, except
13 that of the members first appointed—

14 “(i) the Chairman shall be appointed
15 for a term of 4 years;

16 “(ii) the remaining members ap-
17 pointed under subsection (B)(i) shall be
18 appointed for terms of 3 years;

19 “(iii) one of the members appointed
20 under subsection (B)(ii)(I) shall be ap-
21 pointed for a term of 4 years and the other
22 for a term of two years; and

23 “(iv) one of the members appointed
24 under subsection (B)(ii)(II) shall be ap-

1 pointed for a term of 4 years and the other
2 for a term of 2 years.

3 “(E) VACANCIES.—A vacancy on the
4 Board shall be filled in the manner in which the
5 original appointment was made and shall be
6 subject to any conditions which applied with re-
7 spect to the original appointment. An individual
8 chosen to fill a vacancy shall be appointed for
9 the unexpired term of the member replaced.
10 The term of any member shall not expire before
11 the date on which the member’s successor takes
12 office.

13 “(F) POWERS AND DUTIES OF THE
14 BOARD.—

15 “(i) IN GENERAL.—The Board shall
16 have powers and duties solely as provided
17 in this part. The Board shall prescribe by
18 regulation—

19 “(I) the terms of the GROW Ac-
20 counts Program established under this
21 part, including policies for investment
22 under the Program of account assets,
23 and policies for the certification and
24 decertification of account managers
25 under the Program, which shall in-

1 include consideration of the appropriate-
2 ness of the marketing materials and
3 plans of such managers, and

4 “(II) the policies for the pur-
5 chase of annuities for purposes of dis-
6 tribution of GROW accounts under
7 section 257.

8 “(ii) BUDGETARY REQUIREMENTS.—
9 The Board shall prepare and submit to the
10 President and to the appropriate commit-
11 tees of Congress an annual budget of the
12 expenses and other items relating to the
13 Board which shall be included as a sepa-
14 rate item in the budget required to be
15 transmitted to the Congress under section
16 1105 of title 31, United States Code. The
17 Board shall provide for low administrative
18 costs such that, to the extent practicable,
19 overall administrative costs of the Program
20 do not exceed 30 basis points per year in
21 relation to assets under management under
22 the Program.

23 “(iii) ADDITIONAL AUTHORITIES OF
24 THE BOARD.—The Board may—

25 “(I) adopt, alter, and use a seal;

1 “(II) establish policies with which
2 the Commissioner shall comply under
3 this part; and

4 “(III) appoint and remove the
5 Executive Director, as provided in
6 paragraph (2).

7 “(iv) INDEPENDENCE OF CERTIFIED
8 ACCOUNT MANAGERS.—The policies of the
9 Board may not require a certified account
10 manager to invest or to cause to be in-
11 vested any account assets in a specific
12 asset or to dispose of or cause to be dis-
13 posed of any specific asset so held.

14 “(v) MEETINGS OF THE BOARD.—The
15 Board shall meet at the call of the Chair-
16 man or upon the request of a quorum of
17 the Board. The Board shall perform the
18 functions and exercise the powers of the
19 Board on a majority vote of a quorum of
20 the Board. Four members of the Board
21 shall constitute a quorum for the trans-
22 action of business.

23 “(vi) COMPENSATION OF BOARD MEM-
24 BERS.—

1 “(I) IN GENERAL.—Each mem-
2 ber of the Board who is not an officer
3 or employee of the Federal Govern-
4 ment shall be compensated at the
5 daily rate of basic pay for level IV of
6 the Executive Schedule for each day
7 during which such member is engaged
8 in performing a function of the
9 Board. Any member who is such an
10 officer or employee shall not suffer
11 any loss of pay or deduction from an-
12 nual leave on the basis of any time
13 used by such member in performing
14 such a function.

15 “(II) TRAVEL, PER DIEM, AND
16 EXPENSES.—A member of the Board
17 shall be paid travel, per diem, and
18 other necessary expenses under sub-
19 chapter I of chapter 57 of title 5,
20 United States Code, while traveling
21 away from such member’s home or
22 regular place of business in the per-
23 formance of the duties of the Board.

24 “(vii) STANDARD FOR BOARD’S DIS-
25 CHARGE OF RESPONSIBILITIES.—The

1 members of the Board shall discharge their
2 responsibilities solely in the interest of par-
3 ticipating individuals and the Program.

4 “(viii) ANNUAL REPORT.—The Board
5 shall submit an annual report to the Presi-
6 dent, to each House of the Congress, and
7 to the Board of Trustees of the Federal
8 Old-Age and Survivors Insurance Trust
9 Fund and the Federal Disability Insurance
10 Trust Fund regarding the financial and
11 operating condition of the Program.

12 “(ix) PUBLIC ACCOUNTANT.—

13 “(I) DEFINITION.—For purposes
14 of this subparagraph, the term ‘quali-
15 fied public accountant’ shall have the
16 same meaning as provided in section
17 103(a)(3)(D) of the Employee Retirement
18 Income Security Act of 1974
19 (29 U.S.C. 1023(a)(3)(D)).

20 “(II) ENGAGEMENT.—The Exec-
21 utive Director, in consultation with
22 the Board, shall annually engage, on
23 behalf of all individuals for whom a
24 GROW account is established under
25 this part, an independent qualified

1 public accountant, who shall conduct
2 an examination of all records main-
3 tained in the administration of this
4 part that the public accountant con-
5 siders necessary.

6 “(III) DUTIES.—The public ac-
7 countant conducting an examination
8 under subclause (II) shall determine
9 whether the records referred to in
10 such subclause have been maintained
11 in conformity with generally accepted
12 accounting principles. The public ac-
13 countant shall transmit to the Board
14 a report on his examination.

15 “(IV) RELIANCE ON CERTIFIED
16 ACTUARIAL MATTERS.—In making a
17 determination under subclause (III), a
18 public accountant may rely on the cor-
19 rectness of any actuarial matter cer-
20 tified by an enrolled actuary if the
21 public accountant states his reliance
22 in the report transmitted to the Board
23 under such subclause.

24 “(2) EXECUTIVE DIRECTOR.—

1 “(A) APPOINTMENT AND REMOVAL.—The
2 Board shall appoint, without regard to the pro-
3 visions of law governing appointments in the
4 competitive service, an Executive Director by
5 action agreed to by a majority of the members
6 of the Board. The Executive Director shall have
7 substantial experience, training, and expertise
8 in the management of financial investments and
9 pension benefit plans. The Board may, with the
10 concurrence of 4 members of the Board, remove
11 the Executive Director from office for good
12 cause shown.

13 “(B) POWERS AND DUTIES OF EXECUTIVE
14 DIRECTOR.—The Executive Director shall—

15 “(i) carry out the policies established
16 by the Board,

17 “(ii) administer the provisions of this
18 part in accordance with the policies of the
19 Board, and

20 “(iii) meet from time to time with the
21 Board upon request of the Board.

22 “(C) ADMINISTRATIVE AUTHORITIES OF
23 EXECUTIVE DIRECTOR.—The Executive Direc-
24 tor may—

1 “(i) appoint such personnel as may be
2 necessary to carry out the provisions of
3 this part,

4 “(ii) subject to approval by the Board,
5 procure the services of experts and consult-
6 ants under section 3109 of title 5, United
7 States Code,

8 “(iii) secure directly from any agency
9 or instrumentality of the Federal Govern-
10 ment on a reimbursable basis any informa-
11 tion which, in the judgment of the Execu-
12 tive Director, is necessary to carry out the
13 provisions of this part and the policies of
14 the Board, and which shall be provided by
15 such agency or instrumentality upon the
16 request of the Executive Director,

17 “(iv) pay the compensation, per diem,
18 and travel expenses of individuals ap-
19 pointed under clauses (i), (ii), and (v) of
20 this subparagraph, subject to such limits
21 as may be established by the Board,

22 “(v) accept and use the services of in-
23 dividuals employed intermittently in the
24 Government service and reimburse such in-
25 dividuals for travel expenses, as authorized

1 by section 5703 of title 5, United States
2 Code, including per diem as authorized by
3 section 5702 of such title, and

4 “(vi) except as otherwise expressly
5 prohibited by law or the policies of the
6 Board, delegate any of the Executive Di-
7 rector’s functions to such employees under
8 the Board as the Executive Director may
9 designate and authorize such successive re-
10 delegations of such functions to such em-
11 ployees under the Board as the Executive
12 Director may consider to be necessary or
13 appropriate.

14 “(3) ROLE OF THE COMMISSIONER.—The Com-
15 missioner shall—

16 “(A) prescribe such regulations (supple-
17 mentary to and consistent with the regulations
18 prescribed by the Board) as may be necessary
19 for carrying out the duties of the Commissioner
20 under this part,

21 “(B) meet from time to time with, and
22 provide information to, the Board upon request
23 of the Board regarding matters relating to the
24 Program, and

1 “(C) in consultation with the Board and
2 utilizing available Federal agencies and re-
3 sources, develop a campaign to educate workers
4 about the Program.

5 “(b) CERTIFICATION AND OVERSIGHT OF ACCOUNT
6 MANAGERS.—

7 “(1) CERTIFICATION BY THE BOARD.—

8 “(A) IN GENERAL.—Any person that is a
9 qualified professional asset manager (as defined
10 in section 8438(a)(8) of title 5, United States
11 Code) may apply to the Board (in such form
12 and manner as shall be provided by the Board
13 by regulation) for certification under this sub-
14 section as a certified account manager. In mak-
15 ing certification decisions, the Board shall con-
16 sider the applicant’s general character and fit-
17 ness, financial history and future earnings pros-
18 pects, and ability to serve participating individ-
19 uals under the Program, and such other criteria
20 as the Board deems necessary to carry out this
21 part. Certification of any person under this sub-
22 section shall be contingent upon entry into a
23 contractual arrangement between the Board
24 and such person.

1 “(B) NONDELEGATION REQUIREMENT.—

2 The authority of the Board to make any deter-
3 mination to deny any application under this
4 subsection may not be delegated by the Board.

5 “(2) OVERSIGHT OF CERTIFIED ACCOUNT MAN-
6 AGERS.—

7 “(A) ROLE OF REGULATORY AGENCIES.—

8 The Board may enter into cooperative arrange-
9 ments with Federal and State regulatory agen-
10 cies identified by the Board as having jurisdic-
11 tion over persons eligible for certification under
12 this subsection so as to ensure that the provi-
13 sions of this part are enforced with respect to
14 certified account managers in a manner con-
15 sistent with and supportive of the requirements
16 of other provisions of Federal law applicable to
17 them. Such Federal regulatory agencies shall
18 cooperate with the Board to the extent that the
19 Board determines that such cooperation is nec-
20 essary and appropriate to ensure that the provi-
21 sions of this part are effectively implemented.

22 “(B) ACCESS TO RECORDS.—The Board
23 may from time to time require any certified ac-
24 count manager to file such reports as the Board
25 may specify by regulation as necessary for the

1 administration of this part. In prescribing such
2 regulations, the Board shall minimize the regu-
3 latory burden imposed upon certified account
4 managers while taking into account the benefit
5 of the information to the Board in carrying out
6 its functions under this part.

7 “(3) REVOCATION OF CERTIFICATION.—The
8 Board shall provide, in the contractual arrangements
9 entered into under this subsection with each certified
10 account manager, for revocation of such person’s
11 status as a certified account manager upon deter-
12 mination by the Board of such person’s failure to
13 comply with the requirements of such contractual ar-
14 rangements. Such arrangements shall include provi-
15 sion for notice and opportunity for review of any
16 such revocation.

17 “(c) FIDUCIARY RESPONSIBILITIES.—

18 “(1) IN GENERAL.—Rules similar to the provi-
19 sions of section 8477 of title 5, United States Code
20 (relating to fiduciary responsibilities; liability and
21 penalties) shall apply in connection with account as-
22 sets, in accordance with regulations which shall be
23 issued by the Board. The Board shall issue regula-
24 tions with respect to the investigative authority of

1 appropriate Federal agencies in cases involving ac-
2 count assets.

3 “(2) EXCULPATORY PROVISIONS VOIDED.—Any
4 provision in an agreement or instrument which pur-
5 ports to relieve a fiduciary from responsibility or li-
6 ability for any responsibility, obligation, or duty
7 under this part shall be void.

8 “(d) CIVIL ACTIONS BY BOARD.—If any person fails
9 to meet any requirement of this part or of any contract
10 entered into under this part, the Board may bring a civil
11 action in any district court of the United States within
12 the jurisdiction of which such person’s assets are located
13 or in which such person resides or is found, without regard
14 to the amount in controversy, for appropriate relief to re-
15 dress the violation or enforce the provisions of this part,
16 and process in such an action may be served in any dis-
17 trict.

18 “(e) REPRESENTATIVES.—The Board shall provide
19 by regulation for elections and designations otherwise to
20 be made by an individual under this part to be made in-
21 stead on behalf of the individual by a designated rep-
22 resentative of the individual.

23 “(f) PREEMPTION OF INCONSISTENT STATE LAW.—
24 A provision of this part shall not be construed to preempt
25 any provision of the law of any State or political subdivi-

1 sion thereof, or prevent a State or political subdivision
2 thereof from enacting any provision of law with respect
3 to the subject matter of this part, except to the extent
4 that such provision of State law is inconsistent with this
5 part, and then only to the extent of the inconsistency.

6 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated to the Board, the Com-
8 missioner, and the Secretary of the Treasury, for fiscal
9 years beginning on or after October 1, 2005, such sums
10 as are necessary to carry out their respective duties under
11 this part.”.

12 (b) CONFORMING AMENDMENT TO PART A.—Section
13 202 of such Act (42 U.S.C. 402) is amended by adding
14 at the end the following new subsection:

15 “Adjustments Under Part B

16 “(z) The amount of benefits under subsections (a),
17 (b), (c), (e), (f), and (h) which are otherwise payable under
18 this part and which are retirement benefits (as defined
19 in section 251(8)) shall be subject to adjustment as pro-
20 vided under section 258.”.

21 (c) ADDITIONAL CONFORMING AMENDMENTS.—(1)
22 Section 701(b) of the Social Security Act (42 U.S.C.
23 901(b)) is amended by striking “title II” and inserting
24 “part A of title II, the GROW Accounts Program under
25 part B of title II,”.

1 (2) Section 702(a)(4) of such Act (42 U.S.C.
 2 902(a)(4)) is amended by inserting “other than those of
 3 the GROW Accounts Board” after “Administration”, and
 4 by striking “thereof” and inserting “of the Administration
 5 in connection with the exercise of such powers and the
 6 discharge of such duties”.

7 **SEC. 102. ANNUAL ACCOUNT STATEMENTS.**

8 Section 1143 of the Social Security Act (42 U.S.C.
 9 1320b–13) is amended by adding at the end the following
 10 new subsection:

11 “Performance of GROW Accounts

12 “(e) Beginning not later than 1 year after the date
 13 on which the first deposit is made to a participating indi-
 14 vidual’s GROW account, each statement provided to such
 15 participating individual under this section shall include in-
 16 formation determined by the GROW Accounts Board as
 17 sufficient to fully inform such participating individual an-
 18 nually of the balance, investment performance, and admin-
 19 istrative expenses of such account.”.

20 **SEC. 103. REPORT AND CONGRESSIONAL CONSIDERATION**
 21 **OF PROPOSALS REGARDING ALTERNATIVE**
 22 **INVESTMENT OPTIONS AND OTHER MAT-**
 23 **TERS.**

24 (a) REPORT.—During the period of 30 calendar days
 25 beginning on the first day of the 111th Congress, the

1 GROW Accounts Board shall submit to the President and
2 each House of the Congress a report containing a consoli-
3 dated implementation plan for the GROW Accounts Pro-
4 gram, consisting of the following 3 components:

5 (1) INVESTMENT OPTIONS PLAN.—An invest-
6 ment options plan, which shall provide for additional
7 and alternative investment options, for GROW ac-
8 count balances, in broad-based index funds—

9 (A) which are similar to the index fund in-
10 vestment options available within the Thrift
11 Savings Fund established under section 8437 of
12 title 5, United States Code, including a lifecycle
13 fund in which investments are adjusted based
14 on the number of years remaining prior to the
15 participating individual's attainment of age 62,

16 (B) which the Board determines would be
17 prudent sources of retirement income that could
18 yield greater amounts of income than the in-
19 vestment described in section 256(c)(1) of the
20 Social Security Act (added by this title), and

21 (C) which a participating individual may
22 elect.

23 (2) PAYOUT OPTIONS PLAN.—A payout options
24 plan, which shall provide for additional and alter-
25 native options for the payout of GROW account bal-

ances to participating individuals upon their retirement date (as defined in section 251(9) of the Social Security Act) which the Board determines would be appropriate.

(3) PUBLIC EDUCATION PLAN.—A public education plan, which shall provide for enhancement of information dissemination under, and public education regarding, the GROW Accounts Program.

(b) IMPLEMENTATION.—

(1) IN GENERAL.—Subject to paragraph (2)—

(A) INVESTMENT OPTIONS PLAN.—The investment options plan submitted pursuant to subsection (a)(1) shall take effect on the date immediately following the 90-day period beginning on the date on which such plan is so submitted.

(B) PAYOUT OPTIONS PLAN AND PUBLIC EDUCATION PLAN.—The payout options plan submitted pursuant to subsection (a)(2) and the public education plan submitted pursuant to subsection (a)(3) shall be implemented in accordance with timetables which shall be included with such plans.

(2) CONGRESSIONAL REVIEW.—The consolidated implementation plan submitted pursuant to

1 subsection (a) shall not become effective if, during
2 the 90-day period beginning on the date on which
3 such plan is so submitted, there is enacted by the
4 Congress a joint resolution of disapproval of such
5 plan.

6 (3) TIME PERIODS.—For purposes of this sub-
7 section, the days on which either House of Congress
8 is not in session because of an adjournment of more
9 than 3 days to a day certain shall be excluded in the
10 computation of the 90-day period referred to in
11 paragraphs (1)(A) and (2).

12 (c) DEFINITIONS.—For purposes of this section—

13 (1) the term “Grow Accounts Board” or
14 “Board” means the GROW Accounts Board estab-
15 lished under section 260(a) of the Social Security
16 Act;

17 (2) the term “GROW Accounts Program”
18 means the GROW Accounts Program established
19 under part B of title II of such Act;

20 (3) the term “GROW account” means a GROW
21 account established under section 255 of such Act;
22 and

23 (4) the term “participating individual” has the
24 meaning provided in section 253(a) of such Act.

1 **TITLE II—TAX TREATMENT**

2 **SEC. 201. TAX TREATMENT OF GROW ACCOUNTS.**

3 Section 7701 of the Internal Revenue Code of 1986
 4 (relating to definitions) is amended by redesignating sub-
 5 section (o) as subsection (p) and by inserting after sub-
 6 section (n) the following new subsection:

7 “(o) TAX TREATMENT OF GROW ACCOUNTS.—

8 “(1) IN GENERAL.—All GROW accounts estab-
 9 lished under part B of title II of the Social Security
 10 Act shall be exempt from taxation under this title.

11 “(2) CERTAIN DISPOSITIONS OF ACCOUNT AS-
 12 SETS.—No amount shall be includible in gross in-
 13 come by reason of a disposition under subsection (a)
 14 or (b) of section 259 of the Social Security Act.”.

15 **SEC. 202. BENEFITS TAXABLE AS SOCIAL SECURITY BENE-** 16 **FITS.**

17 (a) IN GENERAL.—Section 86(d)(1) of the Internal
 18 Revenue Code of 1986 is amended—

19 (1) in subparagraph (A) by inserting “part A
 20 of” after “benefit under”, and

21 (2) by striking “or” at the end of subparagraph
 22 (A), by redesignating subparagraph (B) as subpara-
 23 graph (C), and by inserting after subparagraph (A)
 24 the following new subparagraph:

1 “(B) any distribution under section 257 of
2 the Social Security Act, or ”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this subsection shall apply to taxable years beginning after
5 the end of the calendar year in which this Act is enacted.

6 **SEC. 203. ESTATE TAX NOT TO APPLY TO ASSETS OF GROW**
7 **ACCOUNTS.**

8 (a) IN GENERAL.—Part IV of subchapter A of chap-
9 ter 11 of the Internal Revenue Code of 1986 (relating to
10 taxable estate) is amended by adding at the end the fol-
11 lowing new section:

12 **“SEC. 2059. GROW ACCOUNTS.**

13 “For purposes of the tax imposed by section 2001,
14 the value of the taxable estate shall be determined by de-
15 ducting from the value of the gross estate an amount
16 equal to the value of the assets of a GROW account trans-
17 ferred from such account by the Secretary under section
18 258 of the Social Security Act.”.

19 (b) CLERICAL AMENDMENT.—The table of sections
20 for part IV of subchapter A of chapter 11 of such Code
21 is amended by adding at the end the following new item:

“Sec. 2059. GROW accounts.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to decedents dying in or after the
24 calendar year in which this Act is enacted.

