

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3435

To amend title II of the Social Security Act to establish a Social Security Surplus Protection Account in the Federal Old-Age and Survivors Insurance Trust Fund to hold the Social Security surplus, to provide for suspension of investment of amounts held in the Account until enactment of legislation providing for investment of the Trust Fund in investment vehicles other than obligations of the United States, and to establish a Social Security Investment Commission to make recommendations for alternative forms of investment of the Social Security surplus in the Trust Fund.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 26, 2005

Mrs. BLACKBURN introduced the following bill; which was referred to the  
Committee on Ways and Means

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## **A BILL**

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

3 **SECTION 1. SHORT TITLE.**

4        This Act may be cited as the “Savings for Seniors  
5 Act of 2005”.

6 **SEC. 2. INTERIM PROTECTIONS FOR SOCIAL SECURITY**

7                                    **TRUST FUND SURPLUS.**

8        (a) IN GENERAL.—Section 201(d) of the Social Secu-  
9 rity Act (42 U.S.C. 402(d)) is amended—

10                    (1) by striking “It shall be the duty” and in-  
11                    sserting “(1) Except as provided in paragraph (2), it  
12                    shall be the duty”; and

13                    (2) by adding at the end the following new  
14                    paragraph:

15                    “(2)(A) There is established in the Federal Old-Age  
16 and Survivors Insurance Trust Fund a Social Security  
17 Surplus Protection Account. As soon as practicable after  
18 each fiscal year after 2007, the Managing Trustee shall  
19 transfer to the Account, from amounts otherwise available  
20 in the Trust Fund, amounts equivalent to the social secu-  
21 rity surplus for such fiscal year. Such amounts shall be  
22 transferred from time to time to the Account, such  
23 amounts to be determined on the basis of estimates by  
24 the Managing Trustee, and proper adjustments shall be  
25 made in amounts subsequently transferred to the extent

1 prior estimates were in excess of or were less than the  
2 correct amount.

3 “(B) For purposes of subparagraph (A), the term ‘so-  
4 cial security surplus’ means, for any fiscal year, the excess,  
5 if any, of—

6 “(i) the sum of—

7 “(I) the taxes imposed for such fiscal year  
8 by chapter 21 (other than sections 3101(b) and  
9 3111(b)) of the Internal Revenue Code of 1986  
10 with respect to wages (as defined in section  
11 3121 of such Code) reported to the Secretary of  
12 the Treasury or his delegates pursuant to sub-  
13 title F of such Code, as determined by the Sec-  
14 retary of the Treasury by applying the applica-  
15 ble rates of tax under such chapter 21 (other  
16 than sections 3101(b) and 3111(b)) to such  
17 wages, less the amounts specified in clause (1)  
18 of subsection (b) of this section for such fiscal  
19 year,

20 “(II) the taxes imposed by chapter 2  
21 (other than section 1401(b)) of the Internal  
22 Revenue Code of 1986 with respect to self-em-  
23 ployment income (as defined in section 1402 of  
24 such Code) reported to the Secretary of the  
25 Treasury on tax returns under subtitle F of

1 such Code, as determined by the Secretary of  
2 the Treasury by applying the applicable rate of  
3 tax under such chapter (other than section  
4 1401(b)) to such self-employment income, less  
5 the amounts specified in clause (2) of sub-  
6 section (b) of this section for such fiscal year,  
7 and

8 “(III) the amount equivalent to the aggre-  
9 gate increase in tax liabilities under chapter 1  
10 of the Internal Revenue Code of 1986 which is  
11 attributable to the application of sections 86  
12 and 871(a)(3) of such Code to payments from  
13 the Trust Fund, over

14 “(ii) the sum of—

15 “(I) benefits paid from the Trust Fund  
16 during the fiscal year, and

17 “(II) amounts authorized to be made avail-  
18 able from the Trust Fund under subsection (g)  
19 of this section which are paid from the Trust  
20 Fund during such fiscal year.

21 “(C) Notwithstanding paragraph (1), the balance in  
22 the Account shall not be available for investment by the  
23 Managing Trustee.

24 “(D)(i) The preceding provisions of this paragraph  
25 shall not apply with respect to fiscal years commencing

1 with or after the first fiscal year, after fiscal year 2007,  
2 for which a provision of Federal law takes effect and au-  
3 thorizes, for amounts in the Trust Fund, an investment  
4 vehicle other than obligations of the United States result-  
5 ing in the transfer of Trust Fund assets to the general  
6 fund of the Treasury.

7 “(ii) A provision of Federal law shall be deemed to  
8 meet the requirements of clause (i) if such provision in-  
9 cludes the following: ‘This Act shall be considered to be  
10 a provision of Federal law meeting the requirements of  
11 section 201(d)(2)(D)(i) of the Social Security Act.’”.

12 **SEC. 3. SOCIAL SECURITY INVESTMENT COMMISSION.**

13 (a) ESTABLISHMENT.—There is established in the ex-  
14 ecutive branch of the Government a Social Security Invest-  
15 ment Commission.

16 (b) STUDY AND REPORT.—As soon as practicable  
17 after the date of the enactment of this Act, the Commis-  
18 sion shall conduct a study to ascertain the most effective  
19 vehicles for investment of the Federal Old-Age and Sur-  
20 vivors Insurance Trust Fund, other than investment in the  
21 form of obligations of the United States resulting in the  
22 transfer of Trust Fund assets to the general fund of the  
23 Treasury. Not later than October 1, 2007, the Commis-  
24 sion shall submit a report to the President and to each  
25 House of the Congress setting forth its recommendations

1 for such vehicles for investment, together with proposals  
2 for such administrative and legislative changes as the  
3 Commission determines necessary to authorize and imple-  
4 ment such recommendations.

5 (c) COMPOSITION.—The Commission shall be com-  
6 posed of—

7 (1) 3 members appointed by the President, of  
8 whom 1 shall be designated by the President as  
9 Chairman;

10 (2) 2 members appointed by the Speaker of the  
11 House of Representatives;

12 (3) 1 member appointed by the minority leader  
13 of the House of Representatives;

14 (4) 2 members appointed by the majority leader  
15 of the Senate; and

16 (5) 1 member appointed by the minority leader  
17 of the Senate.

18 (d) MEMBERSHIP REQUIREMENTS.—Members of the  
19 Commission shall have substantial experience, training,  
20 and expertise in the management of financial investments  
21 and pension benefit plans.

22 (e) LENGTH OF APPOINTMENTS.—Members of the  
23 Commission shall serve for the life of the Commission. A  
24 vacancy on the Commission shall be filled in the manner  
25 in which the original appointment was made and shall be

1 subject to any conditions that applied with respect to the  
2 original appointment.

3 (f) DUTIES.—As soon as the Commission shall—

4 (1) administer the program established under  
5 this part;

6 (2) establish policies for the investment and  
7 management of the Savings Fund, including the  
8 Tier I Investment Fund and the Tier II Investment  
9 Fund, and amounts held under Tier III Investment  
10 Options, including policies applicable to the asset  
11 managers, recordkeepers, and custodians with re-  
12 sponsibility for managing the investment of amounts  
13 credited to personal social security investment ac-  
14 counts, and for the management and operation of  
15 personal social security savings annuities, which  
16 shall provide for—

17 (A) prudent investments suitable for accu-  
18 mulating funds for payment of retirement in-  
19 come;

20 (B) sound management practices; and

21 (C) low administrative costs;

22 (3) review the performance of investments made  
23 for the Tier I Investment Fund and the Tier II In-  
24 vestment Fund;

1           (4) review the performance of investments made  
2 under Tier III Investment Options;

3           (5) review the management and operation of  
4 personal social security savings annuities;

5           (6) review and approve the budget of the Com-  
6 mission; and

7           (7) comply with the fiduciary requirements of  
8 part 4 of subtitle B of title I of the Employee Re-  
9 tirement Income Security Act of 1974 (relating to fi-  
10 duciary responsibility) in connection with any exer-  
11 cise of discretion in connection with the assets of the  
12 Savings Fund.

13 (g) ADMINISTRATIVE PROVISIONS.—

14           (1) MEETINGS.—The Commission shall meet—

15                   (A) not less than once during each month;

16                   and

17                   (B) at additional times at the call of the  
18 Chairman.

19           (2) EXERCISE OF POWERS.—

20                   (A) IN GENERAL.—The Commission shall  
21 perform the functions and exercise the powers  
22 of the Commission on a majority vote of a  
23 quorum of the Commission. Three members of  
24 the Commission shall constitute a quorum for  
25 the transaction of business.

1           (B) VACANCIES.—A vacancy on the Com-  
2           mission shall not impair the authority of a  
3           quorum of the Commission to perform the func-  
4           tions and exercise the powers of the Commis-  
5           sion.

6           (h) COMPENSATION.—

7           (1) IN GENERAL.—Each member of the Com-  
8           mission who is not an officer or employee of the  
9           Federal Government shall be compensated at the  
10          daily rate of basic pay for level IV of the Executive  
11          Schedule for each day during which such member is  
12          engaged in performing a function of the Commis-  
13          sion.

14          (2) EXPENSES.—A member of the Commission  
15          shall be paid travel, per diem, and other necessary  
16          expenses under subchapter I of chapter 57 of title  
17          5, United States Code, while traveling away from  
18          such member's home or regular place of business in  
19          the performance of the duties of the Commission.

20          (i) TERMINATION.—The Commission shall terminate  
21          90 days after the date of the submission of its report pur-  
22          suant to subsection (b).

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