

110TH CONGRESS
2D SESSION

S. 2933

To improve the employability of older Americans.

IN THE SENATE OF THE UNITED STATES

APRIL 29, 2008

Mr. SMITH (for himself, Mr. CONRAD, and Mr. KOHL) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To improve the employability of older Americans.

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 “Incentives for Older Workers Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Prohibition of benefit reduction due to phased retirement.
- Sec. 3. Allowance of delayed retirement Social Security credits until age 72.
- Sec. 4. Reduction in Social Security benefit offset resulting from certain earnings.
- Sec. 5. National Resource Center on Aging and the Workforce.
- Sec. 6. Civil service retirement system computation for part-time service.
- Sec. 7. Workforce investment activities for older workers.
- Sec. 8. Eligibility of older workers for the work opportunity credit.
- Sec. 9. Normal retirement age.

1 **SEC. 2. PROHIBITION OF BENEFIT REDUCTION DUE TO**
 2 **PHASED RETIREMENT.**

3 (a) PROHIBITION OF BENEFIT REDUCTION DUE TO
 4 PHASED RETIREMENT.—

5 (1) AMENDMENT TO THE EMPLOYEE RETIRE-
 6 MENT INCOME SECURITY ACT OF 1974.—Section
 7 204(b)(1) of the Employee Retirement Income Secu-
 8 rity Act of 1974 (29 U.S.C. 1054(b)(1)) is amended
 9 by adding at the end the following:

10 “(I)(i) Notwithstanding the preceding sub-
 11 paragraphs, in the case of a participant who—

12 “(I) begins a period of phased retire-
 13 ment, and

14 “(II) was employed on a substantially
 15 full-time basis during the 12-month period
 16 preceding the period of phased retirement,
 17 a defined benefit plan shall be treated as meet-
 18 ing the requirements of this paragraph with re-
 19 spect to the participant only if the participant’s
 20 compensation or average compensation taken
 21 into account under the plan with respect to the
 22 years of service before the period of phased re-
 23 tirement is not, for purposes of determining the
 24 accrued benefit for such years of service, re-
 25 duced due to such phased retirement.

“(ii) For purposes of this subparagraph, a period of phased retirement is a period during which an employee is employed on substantially less than a full-time basis or with substantially reduced responsibilities, but only if the period begins after the participant reaches age 50 or has completed 30 years of service creditable under the plan.”.

(2) AMENDMENT TO THE INTERNAL REVENUE CODE OF 1986.—Section 411(b)(1) of the Internal Revenue Code of 1986 (relating to accrued benefits) is amended by adding at the end the following:

“(I) ACCRUED BENEFIT MAY NOT DECREASE ON ACCOUNT OF PHASED RETIREMENT.—

“(i) IN GENERAL.—Notwithstanding the preceding subparagraphs, in the case of a participant who—

“(I) begins a period of phased retirement, and

“(II) was employed on a substantially full-time basis during the 12-month period preceding the period of phased retirement,

1 a defined benefit plan shall be treated as
2 meeting the requirements of this para-
3 graph with respect to the participant only
4 if the participant's compensation or aver-
5 age compensation taken into account under
6 the plan with respect to the years of serv-
7 ice before the period of phased retirement
8 is not, for purposes of determining the ac-
9 crued benefit for such years of service, re-
10 duced due to such phased retirement.

11 “(ii) PERIOD OF PHASED RETIRE-
12 MENT.—For purposes of this subpara-
13 graph, a period of phased retirement is a
14 period during which an employee is em-
15 ployed on substantially less than a full-
16 time basis or with substantially reduced re-
17 sponsibilities, but only if the period begins
18 after the participant reaches age 50 or has
19 completed 30 years of service creditable
20 under the plan.”.

21 (b) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to benefits payable after the date
23 of enactment of this Act.

1 **SEC. 3. ALLOWANCE OF DELAYED RETIREMENT SOCIAL SE-**
2 **CURITY CREDITS UNTIL AGE 72.**

3 (a) IN GENERAL.—Paragraphs (2) and (3) of section
4 202(w) of the Social Security Act (42 U.S.C. 402(w)) are
5 each amended by striking “age 70” and inserting “age
6 72”.

7 (b) EFFECTIVE DATES.—The amendments made by
8 this section shall take effect on the date of the enactment
9 of this Act.

10 **SEC. 4. REDUCTION IN SOCIAL SECURITY BENEFIT OFFSET**
11 **RESULTING FROM CERTAIN EARNINGS.**

12 (a) IN GENERAL.—Section 203(f)(3) of the Social
13 Security Act (42 U.S.C. 403(f)(3)) is amended by striking
14 “in the case of any individual” and all that follows through
15 “in the case of any other individual”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to taxable years beginning after
18 the date of the enactment of this Act.

19 **SEC. 5. NATIONAL RESOURCE CENTER ON AGING AND THE**
20 **WORKFORCE.**

21 (a) ESTABLISHMENT.—The Secretary of Labor shall
22 award a grant for the establishment and operation of a
23 National Resource Center on Aging and the Workforce to
24 address issues on age and the workforce and to collect,
25 organize, and disseminate information on older workers.

1 (b) ACTIVITIES.—The Center established under sub-
2 section (a) shall—

3 (1) serve as a national information clearing-
4 house on workforce issues, challenges, and solutions
5 planning for older workers that would serve employ-
6 ers, local communities, and State and local govern-
7 ment organizations, as well as other public and pri-
8 vate agencies, including providing for the cataloging,
9 organization, and summarizing of existing research,
10 resources, and scholarship relating to older work-
11 force issues;

12 (2) identify best or most-promising practices
13 across the United States that have enjoyed success
14 in productively engaging older Americans in the
15 workforce;

16 (3) create toolkits for employers, trade associa-
17 tions, labor organizations, and non-profit employers
18 that would feature a series of issue papers outlining
19 specific tasks and activities for engaging older indi-
20 viduals in select industries;

21 (4) distribute information to government plan-
22 ners and policymakers, employers, organizations rep-
23 resenting and serving older adults, and other appro-
24 priate entities through the establishment of an inter-
25 active Internet website, the publications of articles in

1 periodicals, pamphlets, brochures, and reports, as
 2 well as through national and international con-
 3 ferences and events; and

4 (5) provide targeted and ongoing technical as-
 5 sistance to select units of government, private cor-
 6 porations, and nonprofit organizations.

7 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
 8 authorized to be appropriated such sums as may be avail-
 9 able in each fiscal year to carry out this section.

10 **SEC. 6. CIVIL SERVICE RETIREMENT SYSTEM COMPUTA-**
 11 **TION FOR PART-TIME SERVICE.**

12 Section 8339(p) of title 5, United States Code, is
 13 amended by adding at the end the following:

14 “(3)(A) In the administration of paragraph
 15 (1)—

16 “(i) subparagraph (A) of such para-
 17 graph shall apply to any service performed
 18 before, on, or after April 7, 1986;

19 “(ii) subparagraph (B) of such para-
 20 graph shall apply to all service performed
 21 on a part-time or full-time basis on or
 22 after April 7, 1986; and

23 “(iii) any service performed on a part-
 24 time basis before April 7, 1986, shall be

1 credited as service performed on a full-time
2 basis.

3 “(B) This paragraph shall be effective with
4 respect to any annuity entitlement to which is
5 based on a separation from service occurring on
6 or after the date of the enactment of this para-
7 graph.”.

8 **SEC. 7. WORKFORCE INVESTMENT ACTIVITIES FOR OLDER**
9 **WORKERS.**

10 (a) STATE BOARDS.—Section 111(b)(1)(C) of the
11 Workforce Investment Act of 1998 (29 U.S.C.
12 2821(b)(1)(C)) is amended—

13 (1) in clause (vi), by striking “and” at the end;

14 (2) by redesignating clause (vii) as clause (viii);

15 and

16 (3) by inserting after clause (vi) the following:

17 “(vii) representatives of older individ-
18 uals, who shall be representatives from the
19 State agency (as defined in section 102 of
20 the Older Americans Act of 1965 (42
21 U.S.C. 3002)) in the State or recipients of
22 grants under title V of such Act (42
23 U.S.C. 3056 et seq.) in the State; and”.

24 (b) LOCAL BOARDS.—Section 117(b)(2)(A) of such
25 Act (29 U.S.C. 2832(b)(2)(A)) is amended—

1 (1) in clause (v), by striking “and” at the end;

2 and

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

4 “(vii) representatives of older individ-
 5 uals, who shall be representatives from an
 6 area agency on aging (as defined in section
 7 102 of the Older Americans Act of 1965
 8 (42 U.S.C. 3002)) in the local area or re-
 9 cipients of grants under title V of such Act
 10 (42 U.S.C. 3056 et seq.) in the local area;
 11 and”.

12 (c) RESERVATION OF FUNDS FOR OLDER INDIVID-
 13 UALS.—Section 134 of such Act (29 U.S.C. 2864) is
 14 amended by adding at the end the following:

15 “(f) RESERVATION FOR OLDER INDIVIDUALS FROM
 16 FUNDS ALLOCATED FOR ADULTS.—

17 “(1) DEFINITION.—In this subsection, the term
 18 ‘allocated funds’ means the funds allocated to a local
 19 area under paragraph (2)(A) or (3) of section
 20 133(b).

21 “(2) RESERVATION.—The local area shall en-
 22 sure that 5 percent of the allocated funds that are
 23 used to provide services under subsection (d) or (e)
 24 are reserved for services for older individuals.”.

1 **SEC. 8. ELIGIBILITY OF OLDER WORKERS FOR THE WORK**
 2 **OPPORTUNITY CREDIT.**

3 (a) IN GENERAL.—Section 51(d)(1) of the Internal
 4 Revenue Code of 1986 (relating to members of targeted
 5 groups) is amended—

6 (1) by striking “or” at the end of subparagraph
 7 (H),

8 (2) by striking the period at the end of sub-
 9 paragraph (I) and inserting “, or”, and

10 (3) by adding at the end the following new sub-
 11 paragraph:

12 “(J) a qualified older worker.”.

13 (b) QUALIFIED OLDER WORKER.—Section 51(d) of
 14 the Internal Revenue Code of 1986 is amended—

15 (1) by redesignating paragraphs (11), (12), and
 16 (13) as paragraphs (12), (13), and (14), respec-
 17 tively, and

18 (2) by inserting after paragraph (10) the fol-
 19 lowing new paragraph:

20 “(11) QUALIFIED OLDER WORKER.—The term
 21 ‘qualified older worker’ means any individual who is
 22 certified by the designated local agency as being an
 23 individual who is age 55 or older and whose income
 24 is not more than 125 percent of the poverty line (as
 25 defined by the Office of Management and Budget),
 26 excluding any income that is unemployment com-

1 pensation, a benefit received under title XVI of the
 2 Social Security Act (42 U.S.C. 1381 et seq.), a pay-
 3 ment made to or on behalf of veterans or former
 4 members of the Armed Forces under the laws ad-
 5 ministered by the Secretary of Veterans Affairs, or
 6 25 percent of a benefit received under title II of the
 7 Social Security Act (42 U.S.C. 401 et seq.).”.

8 (c) EFFECTIVE DATE.—The amendments made this
 9 section shall apply to amounts paid or incurred after the
 10 date of the enactment of this Act to individuals who begin
 11 work for the employer after such date.

12 **SEC. 9. NORMAL RETIREMENT AGE.**

13 (a) AMENDMENT TO INTERNAL REVENUE CODE OF
 14 1986.—Section 411 of the Internal Revenue Code of 1986
 15 is amended by adding at the end the following new sub-
 16 section:

17 “(f) SPECIAL RULE FOR DETERMINING NORMAL RE-
 18 TIREMENT AGE FOR CERTAIN EXISTING DEFINED BEN-
 19 EFIT PLANS.—

20 “(1) IN GENERAL.—For purposes of subsection
 21 (a)(8)(A), an applicable plan shall not be treated as
 22 failing to meet any requirement of this subchapter,
 23 or as failing to have a uniform normal retirement
 24 age for purposes of this subchapter, solely because

1 the plan has adopted the normal retirement age de-
2 scribed in paragraph (2).

3 “(2) APPLICABLE PLAN.—For purposes of this
4 subsection—

5 “(A) IN GENERAL.—The term ‘applicable
6 plan’ means a defined benefit plan that, on the
7 date of the introduction of the Incentives for
8 Older Workers Act, has adopted a normal re-
9 tirement age which is the earlier of—

10 “(i) an age otherwise permitted under
11 subsection (a)(8)(A), or

12 “(ii) the age at which a participant
13 completes the number of years (not less
14 than 30 years) of benefit accrual service
15 specified by the plan.

16 A plan shall not fail to be treated as an applica-
17 ble plan solely because, as of such date, the
18 normal retirement age described in the pre-
19 ceding sentence only applied to certain partici-
20 pants or to certain employers participating in
21 the plan.

22 “(B) EXPANDED APPLICATION.—If, after
23 the date described in subparagraph (A), an ap-
24 plicable plan expands the application of the nor-
25 mal retirement age described in subparagraph

1 (A) to additional participants or participating
 2 employers, such plan shall also be treated as an
 3 applicable plan with respect to such partici-
 4 pants or participating employers.”.

5 (b) AMENDMENTS TO EMPLOYEE RETIREMENT IN-
 6 COME SECURITY ACT OF 1974.—Section 204 of the Em-
 7 ployee Retirement Income Security Act of 1974 is amend-
 8 ed by redesignating subsection (k) as subsection (l) and
 9 by inserting after subsection (j) the following new sub-
 10 section:

11 “(k) SPECIAL RULE FOR DETERMINING NORMAL
 12 RETIREMENT AGE FOR CERTAIN EXISTING DEFINED
 13 BENEFIT PLANS.—

14 “(1) IN GENERAL.—For purposes of section
 15 3(24), an applicable plan shall not be treated as fail-
 16 ing to meet any requirement of this title, or as fail-
 17 ing to have a uniform normal retirement age for
 18 purposes of this title, solely because the plan has
 19 adopted the normal retirement age described in
 20 paragraph (2).

21 “(2) APPLICABLE PLAN.—For purposes of this
 22 subsection—

23 “(A) IN GENERAL.—The term ‘applicable
 24 plan’ means a defined benefit plan that, on the
 25 date of the introduction of the Incentives for

1 Older Workers Act, has adopted a normal re-
2 tirement age which is the earlier of—

3 “(i) an age otherwise permitted under
4 section 2(24), or

5 “(ii) the age at which a participant
6 completes the number of years (not less
7 than 30 years) of benefit accrual service
8 specified by the plan.

9 A plan shall not fail to be treated as an applica-
10 ble plan solely because, as of such date, the
11 normal retirement age described in the pre-
12 ceding sentence only applied to certain partici-
13 pants or to certain employers participating in
14 the plan.

15 “(B) EXPANDED APPLICATION.—If, after
16 the date described in subparagraph (A), an ap-
17 plicable plan expands the application of the nor-
18 mal retirement age described in subparagraph
19 (A) to additional participants or participating
20 employers, such plan shall also be treated as an
21 applicable plan with respect to such partici-
22 pants or participating employers.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to years beginning before, on, or
3 after the date of the enactment of this Act.

