

114TH CONGRESS
1ST SESSION

S. 2293

To enhance Social Security benefits for children, divorced spouses, and widows and widowers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 17, 2015

Mrs. MURRAY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To enhance Social Security benefits for children, divorced spouses, and widows and widowers, 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 “Retirement and Income Security Enhancements
6 (RAISE) Act”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Improving benefits for divorced spouses, widows, widowers, and surviving divorced spouses.

Sec. 3. Extended benefit eligibility for children who are full-time students.

Sec. 4. Establishment of payroll surtax for high-income individuals.

Sec. 5. Inclusion of surplus earnings in social security benefit formula.

1 **SEC. 2. IMPROVING BENEFITS FOR DIVORCED SPOUSES,**
 2 **WIDOWS, WIDOWERS, AND SURVIVING DI-**
 3 **VORCED SPOUSES.**

4 (a) EXPANSION OF BENEFITS FOR DIVORCED
 5 SPOUSES.—

6 (1) WIFE’S INSURANCE BENEFITS.—Section
 7 202(b) of the Social Security Act (42 U.S.C. 402(b))
 8 is amended—

9 (A) in paragraph (1)(G), by striking “10
 10 years” and inserting “5 years”; and

11 (B) by amending paragraph (2) to read as
 12 follows:

13 “(2)(A) Except as provided in subsections (k)(5) and
 14 (q), a wife’s insurance benefit for each month shall be
 15 equal to—

16 “(i) in the case of a wife (as defined in section
 17 216(b)), one-half of the primary insurance amount
 18 of her husband for such month; or

19 “(ii) in the case of a divorced wife (as defined
 20 in section 216(d)), the applicable percentage (as de-
 21 termined under subparagraph (B)) of one-half of the
 22 primary insurance amount of her former husband
 23 for such month.

1 “(B) For purposes of subparagraph (A)(ii), the appli-
 2 cable percentage shall be equal to 100 percent reduced by
 3 10 percentage points for each year in the period imme-
 4 diately before the date the divorce became effective in
 5 which the divorced wife was married to her former hus-
 6 band that is less than 10 years.”.

7 (2) HUSBAND’S INSURANCE BENEFITS.—Sec-
 8 tion 202(c) of the Social Security Act (42 U.S.C.
 9 402(c)) is amended—

10 (A) in paragraph (1)(G), by striking “10
 11 years” and inserting “5 years”; and

12 (B) by amending paragraph (2) to read as
 13 follows:

14 “(2)(A) Except as provided in subsections (k)(5) and
 15 (q), a husband’s insurance benefit for each month shall
 16 be equal to—

17 “(i) in the case of a husband (as defined in sec-
 18 tion 216(f)), one-half of the primary insurance
 19 amount of his wife for such month; or

20 “(ii) in the case of a divorced husband (as de-
 21 fined in section 216(d)), the applicable percentage
 22 (as determined under subparagraph (B)) of one-half
 23 of the primary insurance amount of his former wife
 24 for such month.

1 “(B) For purposes of subparagraph (A)(ii), the appli-
 2 cable percentage shall be equal to 100 percent reduced by
 3 10 percentage points for each year in the period imme-
 4 diately before the date the divorce became effective in
 5 which the divorced husband was married to his former
 6 wife that is less than 10 years.”.

7 (b) IMPROVING SOCIAL SECURITY BENEFITS FOR
 8 WIDOWS AND WIDOWERS IN TWO-INCOME HOUSE-
 9 HOLDS.—

10 (1) WIDOWS.—Section 202(e) of the Social Se-
 11 curity Act (42 U.S.C. 402(e)) is amended—

12 (A) in paragraph (1)—

13 (i) in subparagraph (B), by inserting
 14 “and” at the end;

15 (ii) in subparagraph (C)(iii), by strik-
 16 ing “and” at the end;

17 (iii) by striking subparagraph (D);

18 (iv) by redesignating subparagraphs
 19 (E) and (F) as subparagraphs (D) and
 20 (E), respectively; and

21 (v) in the flush matter following sub-
 22 paragraph (E)(ii), as so redesignated, by
 23 striking “becomes entitled to an old-age in-
 24 surance benefit” and all that follows
 25 through “such deceased individual,”;

1 (B) by striking subparagraph (A) in para-
2 graph (2) and inserting the following:

3 “(2)(A) Except as provided in subsection
4 (k)(5), subsection (q), and subparagraph (D) of this
5 paragraph, such widow’s insurance benefit for each
6 month shall be equal to the greater of—

7 “(i) subject to paragraph (9), the primary
8 insurance amount (as determined for purposes
9 of this subsection after application of subpara-
10 graphs (B) and (C)) of such deceased indi-
11 vidual; or

12 “(ii) subject to paragraphs (9) and (10), in
13 the case of a fully insured widow or surviving
14 divorced wife, 75 percent of the sum of any old-
15 age or disability insurance benefit for which the
16 widow or the surviving divorced wife is entitled
17 for such month and the primary insurance
18 amount (as determined for purposes of this
19 subsection after application of subparagraphs
20 (B) and (C)) of such deceased individual.”;

21 (C) in paragraph (5)—

22 (i) in subparagraph (A), by striking
23 “paragraph (1)(F)” and inserting “para-
24 graph (1)(E)”; and

1 (ii) in subparagraph (B), by striking
 2 “paragraph (1)(F)(i)” and inserting
 3 “paragraph (1)(E)(i)”; and
 4 (D) by adding at the end the following new
 5 paragraphs:

6 “(9) For purposes of clauses (i) and (ii) of
 7 paragraph (2)(A), in the case of a surviving divorced
 8 wife, the amount determined under either such
 9 clause (and, for purposes of clause (ii) of paragraph
 10 (2)(A), as determined after application of paragraph
 11 (10)) shall be equal to the applicable percentage (as
 12 determined under section 202(b)(2)(B)) of such
 13 amount (as determined before application of this
 14 paragraph but after application of subsection
 15 (k)(3)).

16 “(10) For purposes of paragraph (2)(A)(ii), the
 17 amount determined under such paragraph shall not
 18 exceed the primary insurance amount for such
 19 month of a hypothetical individual—

20 “(A) who became entitled to old-age insur-
 21 ance benefits upon attaining early retirement
 22 age during the month in which the deceased in-
 23 dividual referred to in paragraph (1) became
 24 entitled to old-age or disability insurance bene-

fits, or died (before becoming entitled to such benefits); and

“(B) to whom wages and self-employment income were credited in each of such hypothetical individual’s elapsed years (within the meaning of section 215(b)(2)(B)(iii)) in an amount equal to the national average wage index (as described in section 209(k)(1)) for each such year.”.

(2) WIDOWERS.—Section 202(f) of the Social Security Act (42 U.S.C. 402(f)) is amended—

(A) in paragraph (1)—

(i) in subparagraph (B), by inserting “and” at the end;

(ii) in subparagraph (C)(iii), by striking “and” at the end;

(iii) by striking subparagraph (D);

(iv) by redesignating subparagraphs (E) and (F) as subparagraphs (D) and (E), respectively; and

(v) in the flush matter following subparagraph (E)(ii), as so redesignated, by striking “becomes entitled to an old-age insurance benefit” and all that follows through “such deceased individual,”;

1 (B) by striking subparagraph (A) in para-
 2 graph (2) and inserting the following:

3 “(2)(A) Except as provided in subsection
 4 (k)(5), subsection (q), and subparagraph (D) of this
 5 paragraph, such widower’s insurance benefit for
 6 each month shall be equal to the greater of—

7 “(i) subject to paragraph (9), the primary
 8 insurance amount (as determined for purposes
 9 of this subsection after application of subpara-
 10 graphs (B) and (C)) of such deceased indi-
 11 vidual; or

12 “(ii) subject to paragraphs (9) and (10), in
 13 the case of a fully insured widower or surviving
 14 divorced husband, 75 percent of the sum of any
 15 old-age or disability insurance benefit for which
 16 the widower or the surviving divorced husband
 17 is entitled for such month and the primary in-
 18 surance amount (as determined for purposes of
 19 this subsection after application of subpara-
 20 graphs (B) and (C)) of such deceased indi-
 21 vidual.”;

22 (C) in paragraph (5)—

23 (i) in subparagraph (A), by striking
 24 “paragraph (1)(F)” and inserting “para-
 25 graph (1)(E)”; and

1 (ii) in subparagraph (B), by striking
 2 “paragraph (1)(F)(i)” and inserting
 3 “paragraph (1)(E)(i)”; and
 4 (D) by adding at the end the following new
 5 paragraphs:

6 “(9) For purposes of clauses (i) and (ii) of
 7 paragraph (2)(A), in the case of a surviving divorced
 8 husband, the amount determined under either such
 9 clause (and, for purposes of clause (ii) of paragraph
 10 (2)(A), as determined after application of paragraph
 11 (10)) shall be equal to the applicable percentage (as
 12 determined under section 202(c)(2)(B)) of such
 13 amount (as determined before application of this
 14 paragraph but after application of subsection
 15 (k)(3)).

16 “(10) For purposes of paragraph (2)(A)(ii), the
 17 amount determined under such paragraph shall not
 18 exceed the primary insurance amount for such
 19 month of a hypothetical individual—

20 “(A) who became entitled to old-age insur-
 21 ance benefits upon attaining early retirement
 22 age during the month in which the deceased in-
 23 dividual referred to in paragraph (1) became
 24 entitled to old-age or disability insurance bene-

1 fits, or died (before becoming entitled to such
2 benefits); and

3 “(B) to whom wages and self-employment
4 income were credited in each of such hypo-
5 thetical individual’s elapsed years (within the
6 meaning of section 215(b)(2)(B)(iii)) in an
7 amount equal to the national average wage
8 index (as described in section 209(k)(1)) for
9 each such year.”.

10 (3) REDUCTION OF BENEFIT FOR INDIVIDUALS
11 ENTITLED TO SIMULTANEOUS BENEFITS.—Section
12 202(k)(3) of the Social Security Act (42 U.S.C.
13 402(k)(3)) is amended—

14 (A) in subparagraph (A), by striking “If
15 an individual” and inserting “Except as pro-
16 vided in subparagraph (C), if an individual”;
17 and

18 (B) by adding at the end the following new
19 subparagraph:

20 “(C) If an individual is entitled for any month to a
21 widow’s or widower’s insurance benefit and is also entitled
22 to an old-age or disability insurance benefit for such
23 month that is greater than such widow’s or widower’s in-
24 surance benefit, the reduction described in subparagraph
25 (A), with respect to such widow’s or widower’s insurance

1 benefit, shall be carried out by substituting an amount
 2 equal to the primary insurance amount of the deceased
 3 individual referred to in subsection (e)(1) or (f)(1) (as de-
 4 termined for purposes of subsection (e)(2)(A)(i) or
 5 (f)(2)(A)(i)) for the amount equal to the old-age or dis-
 6 ability insurance benefit of the individual entitled to the
 7 widow's or widower's insurance benefit.''.
 8

8 (c) CONFORMING AMENDMENTS.—Section 216(d) of
 9 the Social Security Act (42 U.S.C. 416(d)) is amended—
 10

10 (1) in paragraph (1), by striking “10 years”
 11 and inserting “5 years”;

12 (2) in paragraph (2), by striking “10 years”
 13 and inserting “5 years”;

14 (3) in paragraph (4), by striking “10 years”
 15 and inserting “5 years”; and

16 (4) in paragraph (5), by striking “10 years”
 17 and inserting “5 years”.

18 (d) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply with respect to wife's insurance
 20 benefits, husband's insurance benefits, widow's insurance
 21 benefits, and widower's insurance benefits that are pay-
 22 able for months beginning after December 31, 2015.

23 **SEC. 3. EXTENDED BENEFIT ELIGIBILITY FOR CHILDREN**
 24 **WHO ARE FULL-TIME STUDENTS.**

25 (a) IN GENERAL.—

(1) EXTENSION OF BENEFITS.—Section 202(d) of the Social Security Act (42 U.S.C. 402(d)) is amended—

(A) in paragraphs (1)(B), (1)(E), (1)(F)(i), (1)(G)(ii), (6)(A), (6)(D), (6)(E)(i), (7)(A), (7)(B), and (7)(D), by striking “full-time elementary or secondary school student” each place it appears and inserting “full-time student”;

(B) in paragraphs (1)(B), (1)(F)(ii), (1)(G)(iii), (6)(A), (6)(D), (6)(E)(ii), and (7)(D), by striking “19” each place it appears and inserting “23”;

(C) in subparagraphs (A), (B), and (D) of paragraph (7), by striking “elementary or secondary school” each place it appears and inserting “educational institution”;

(D) in paragraph (7)(A), by striking “schools involved” and inserting “institutions involved”;

(E) in paragraph (7), by amending subparagraph (C) to read as follows:

“(C) For purposes of this subsection, the term ‘educational institution’ means—

1 “(i) a school which provides elemen-
 2 tary or secondary education as determined
 3 under the law of the State or other juris-
 4 diction in which it is located; and

5 “(ii) an institution described in sec-
 6 tion 102 of the Higher Education Act of
 7 1965 (20 U.S.C. 1002).”; and

8 (F) in paragraph (7)(D), by striking “di-
 9 ploma or equivalent certificate from a secondary
 10 school (as defined in subparagraph (C)(i))” and
 11 inserting “diploma, degree, or equivalent certifi-
 12 cate from an institution described in subpara-
 13 graph (C)(ii)”.

14 (2) EFFECTIVE DATE.—The amendments made
 15 by this subsection shall apply to child’s insurance
 16 benefits that are payable for months beginning after
 17 December 31, 2015.

18 (b) TEMPORARY EXCLUSION FROM DETERMINATION
 19 OF MAXIMUM FAMILY BENEFITS.—Section 203(a) of the
 20 Social Security Act (42 U.S.C. 403(a)) is amended—

21 (1) in paragraph (3)—

22 (A) by redesignating subparagraph (D) as
 23 subparagraph (E); and

24 (B) by inserting after subparagraph (C)
 25 the following new subparagraph:

1 “(D) During the period that begins on January
 2 1, 2016, and ends on December 31, 2020, when any
 3 of such individuals has attained age 19 and is enti-
 4 tled to monthly benefits as a child who is a full-time
 5 student under section 202(d)(1)(B)(i) for any
 6 month, the benefit to which he or she is entitled on
 7 the basis of the wages and self-employment income
 8 of such insured individual for such month shall be
 9 determined without regard to this subsection, and
 10 the benefits of all other individuals who are entitled
 11 for such month to monthly benefits under section
 12 202 on the wages and self-employment income of
 13 such insured individual shall be determined as if no
 14 such child were entitled to benefits for such
 15 month.”; and

16 (2) in paragraph (6), by inserting “(3)(E),”
 17 after “(3)(D),”.

18 (c) RAILROAD RETIREMENT ACT.—

19 (1) Section 2(d) of the Railroad Retirement Act
 20 of 1974 (45 U.S.C. 232(2)(d)) is amended—

21 (A) in clause (iii) of paragraph (1), by
 22 striking “will be less than nineteen years of age
 23 and a full-time elementary or secondary school
 24 student” and inserting “will be less than 23
 25 years of age and a full-time student at an edu-

1 cational institution (as defined in section
2 202(d)(7) of the Social Security Act)”; and

3 (B) in paragraph (4)—

4 (i) by striking “elementary or sec-
5 ondary school” each place it appears and
6 inserting “educational institution”;

7 (ii) by striking “nineteen” and insert-
8 ing “23”; and

9 (iii) by striking “a diploma or equiva-
10 lent certificate from a secondary school (as
11 defined in section 202(d)(7)(c)(i) of the
12 Social Security Act)” and inserting “a di-
13 ploma, degree, or equivalent certificate
14 from an institution described in section
15 202(d)(7)(C)(ii) of the Social Security
16 Act”.

17 (2) Section 5(c)(7) of the Railroad Retirement
18 Act of 1974 (45 U.S.C. 235(c)(7)) is amended—

19 (A) by striking “elementary or secondary
20 school” and inserting “educational institution”;
21 and

22 (B) by striking “19” and inserting “23”.

1 **SEC. 4. ESTABLISHMENT OF PAYROLL SURTAX FOR HIGH-**
 2 **INCOME INDIVIDUALS.**

3 (a) SELF-EMPLOYMENT INCOME SURTAX.—Section
 4 1401 of the Internal Revenue Code of 1986 is amended—

5 (1) by redesignating subsection (c) as sub-
 6 section (d), and

7 (2) by inserting after subsection (b) the fol-
 8 lowing new subsection:

9 “(c) ADDITIONAL TAX FOR OLD-AGE, SURVIVORS,
 10 AND DISABILITY INSURANCE.—

11 “(1) IN GENERAL.—In addition to the taxes im-
 12 posed by the preceding subsections, there is hereby
 13 imposed on every individual for each taxable year be-
 14 ginning after December 31, 2015, a tax equal to 4
 15 percent of additional self-employment income for
 16 such taxable year.

17 “(2) ADDITIONAL SELF-EMPLOYMENT IN-
 18 COME.—For purposes of paragraph (1), the term
 19 ‘additional self-employment income’ means, for any
 20 taxable year, the amount (not less than zero) equal
 21 to the excess of—

22 “(A) the sum of self-employment income
 23 (determined without regard to section
 24 1402(b)(1)) for the taxable year and wages (as
 25 defined in section 3121(a), determined without

1 regard to paragraph (1) thereof) paid to such
2 individual during such taxable year, over

3 “(B) the sum of the additional wages (as
4 defined in section 3101(c)(2)) paid to such indi-
5 vidual for the taxable year and the amount de-
6 termined under paragraph (3) for the taxable
7 year.

8 Rules similar to the rules of subparagraph (A) of the
9 second sentence of section 1402(b) shall apply for
10 purposes of determining wages under clause (i).

11 “(3) EXEMPTION AMOUNT.—The amount deter-
12 mined under this paragraph is an amount equal to—

13 “(A) in the case of a taxable year begin-
14 ning after December 31, 2015, and before Jan-
15 uary 1, 2017, \$400,000, and

16 “(B) in the case of any taxable year begin-
17 ning after December 31, 2016, the product of—

18 “(i) \$400,000, and

19 “(ii) the quotient obtained by divid-
20 ing—

21 “(I) the national average wage
22 index (as defined in section 209(k)(1))
23 for the calendar year which is 2 years
24 before the calendar year in which the
25 taxable year begins, by

1 “(II) the national average wage
2 index for calendar year 2014.”.

3 (b) EMPLOYEE WAGE SURTAX.—Section 3101 of the
4 Internal Revenue Code of 1986 is amended—

5 (1) by redesignating subsection (c) as sub-
6 section (d), and

7 (2) by inserting after subsection (b) the fol-
8 lowing new subsection:

9 “(c) ADDITIONAL TAX FOR OLD-AGE, SURVIVORS,
10 AND DISABILITY INSURANCE.—

11 “(1) IN GENERAL.—In addition to the taxes im-
12 posed by the preceding subsections, there is hereby
13 imposed on the income of every individual a tax
14 equal to 2 percent of additional wages (as defined in
15 paragraph (2)) which are received with respect to
16 employment during any calendar year beginning
17 after December 31, 2015.

18 “(2) ADDITIONAL WAGES.—For purposes of
19 paragraph (1), the term ‘additional wages’ has the
20 same meaning given the term ‘wages’ under section
21 3121(a) (determined without regard to paragraph
22 (1) thereof), except that such term shall not include
23 that amount of remuneration that is less than—

24 “(A) for calendar year 2016, \$400,000,
25 and

1 “(B) for any calendar year after 2016, the
2 product of—

3 “(i) \$400,000, and

4 “(ii) the quotient obtained by divid-
5 ing—

6 “(I) the national average wage
7 index (as defined in section 209(k)(1))
8 for the second preceding calendar
9 year, by

10 “(II) the national average wage
11 index for calendar year 2014.”.

12 (c) EMPLOYER WAGE SURTAX.—Section 3111 of the
13 Internal Revenue Code of 1986 is amended by adding at
14 the end the following new subsection:

15 “(f) ADDITIONAL TAX FOR OLD-AGE, SURVIVORS,
16 AND DISABILITY INSURANCE.—

17 “(1) IN GENERAL.—In addition to the taxes im-
18 posed by subsections (a) and (b), there is hereby im-
19 posed on every employer an excise tax, with respect
20 to having individuals in his employ, equal to 2 per-
21 cent of additional wages (as defined in paragraph
22 (2)) paid by the employer with respect to employ-
23 ment during any calendar year beginning after De-
24 cember 31, 2015.

1 “(2) ADDITIONAL WAGES.—For purposes of
 2 paragraph (1), the term ‘additional wages’ has the
 3 same meaning given such term under section
 4 3101(c).”.

5 (d) RAILROAD RETIREMENT TAX ACT.—

6 (1) RAILROAD EMPLOYEES.—Section 3201 of
 7 the Internal Revenue Code of 1986 is amended—

8 (A) by redesignating subsection (c) as sub-
 9 section (d), and

10 (B) by inserting after subsection (b) the
 11 following new subsection:

12 “(c) ADDITIONAL TIER 1 TAX.—

13 “(1) IN GENERAL.—In addition to the taxes im-
 14 posed by the preceding subsections, there is hereby
 15 imposed on the income of each employee a tax equal
 16 to 2 percent of additional compensation (as defined
 17 in paragraph (2)) received by such employee during
 18 any calendar year beginning after December 31,
 19 2015, for services rendered by such employee.

20 “(2) ADDITIONAL COMPENSATION.—For pur-
 21 poses of paragraph (1), the term ‘additional com-
 22 pensation’ has the same meaning given the term
 23 ‘compensation’ under section 3231(e) (determined
 24 without regard to paragraph (2) thereof), except

1 that such term shall not include that amount of re-
2 muneration that is less than—

3 “(A) for calendar year 2016, \$400,000,
4 and

5 “(B) for any calendar year after 2016, the
6 product of—

7 “(i) \$400,000, and

8 “(ii) the quotient obtained by divid-
9 ing—

10 “(I) the national average wage
11 index (as defined in section 209(k)(1))
12 for the second preceding calendar
13 year, by

14 “(II) the national average wage
15 index for calendar year 2014.”.

16 (2) RAILROAD EMPLOYEE REPRESENTATIVES.—

17 Section 3211 of the Internal Revenue Code of 1986
18 is amended—

19 (A) by redesignating subsection (c) as sub-
20 section (d), and

21 (B) by inserting after subsection (b) the
22 following new subsection:

23 “(c) ADDITIONAL TIER 1 TAX.—In addition to the
24 taxes imposed by the preceding subsections, there is here-
25 by imposed on the income of each employee representative

1 a tax equal to 4 percent of additional compensation (as
 2 defined under section 3201(c)) received by such employee
 3 representative during any calendar year beginning after
 4 December 31, 2015, for services rendered by such em-
 5 ployee representative.”.

6 (3) RAILROAD EMPLOYERS.—Section 3221 of
 7 the Internal Revenue Code of 1986 is amended by
 8 adding at the end the following new subsection:

9 “(e) ADDITIONAL TIER 1 TAX.—In addition to the
 10 taxes imposed by subsections (a) and (b), there is hereby
 11 imposed on every employer an excise tax, with respect to
 12 having individuals in his employ, equal to 2 percent of ad-
 13 ditional compensation (as defined under section 3201(c))
 14 paid by such employer during any calendar year beginning
 15 after December 31, 2015, for services rendered to such
 16 employer.”.

17 (4) SOCIAL SECURITY EQUIVALENT BENEFIT
 18 ACCOUNT.—Section 15A(b)(1)(A) of the Railroad
 19 Retirement Act of 1974 (45 U.S.C. 231n–
 20 1(b)(1)(A)) is amended by striking “sections
 21 3201(a), 3211(a)(1), and 3221(a) of the Railroad
 22 Retirement Tax Act” and inserting “subsections (a)
 23 and (c) of section 3201, subsections (a) and (c) of
 24 section 3211, and subsections (a) and (e) of section
 25 3221 of the Internal Revenue Code of 1986”.

1 (e) AMENDMENTS TO THE SOCIAL SECURITY ACT.—

2 (1) TRANSFER OF AMOUNTS TO FEDERAL OLD-

3 AGE AND SURVIVORS INSURANCE TRUST FUND.—

4 Section 201 of the Social Security Act (42 U.S.C.

5 401) is amended—

6 (A) in subsection (b)(3)—

7 (i) by inserting “and additional wages

8 (as defined in section 1402(c) of such

9 Code)” after “section 3121 of such

10 Code)”,

11 (ii) by inserting “and additional

12 wages” after “such wages”,

13 (iii) by inserting “and additional

14 wages” after “which wages”, and

15 (iv) by inserting “and additional

16 wages” after “records of wages”,

17 (B) in subsection (b)(4)—

18 (i) by inserting “and additional self-

19 employment income (as defined in section

20 3101(c) of such Code)” after “section

21 1402 of such Code)”,

22 (ii) by inserting “and additional self-

23 employment income” after “such self-em-

24 ployment income”,

1 (iii) by inserting “and additional self-
2 employment income” after “which self-em-
3 ployment income”, and

4 (iv) by inserting “and additional self-
5 employment income” after “records of self-
6 employment income”,

7 (C) in subsection (c)(1)(R)—

8 (i) by inserting “and additional wages
9 (as so defined)” after “wages (as so de-
10 fined)”,

11 (ii) by inserting “and additional
12 wages” after “which wages”, and

13 (iii) by inserting “and additional
14 wages” after “records of wages”, and

15 (D) in subsection (c)(2)(R)—

16 (i) by inserting “and additional self-
17 employment income (as so defined)” after
18 “self-employment income (as so defined)”,

19 (ii) by inserting “and additional self-
20 employment income” after “which self-em-
21 ployment income”, and

22 (iii) by inserting “and additional self-
23 employment income” after “records of self-
24 employment income”.

1 (2) DEFINITION OF ADDITIONAL WAGES.—Sec-
 2 tion 209 of the Social Security Act (42 U.S.C. 409)
 3 is amended by adding at the end the following new
 4 subsection:

5 “Additional Wages

6 “(l) For purposes of this title, the term ‘additional
 7 wages’ has the same meaning given the term ‘wages’ (de-
 8 termined without regard to subsection (a)(1)), except that
 9 such term shall not include that amount of remuneration
 10 that is less than—

11 “(1) for calendar year 2016, \$400,000, and

12 “(2) for any calendar year after 2016, the prod-
 13 uct of—

14 “(A) \$400,000, and

15 “(B) the quotient obtained by dividing—

16 “(i) the national average wage index
 17 (as defined in section 209(k)(1)) for the
 18 second preceding calendar year, by

19 “(ii) the national average wage index
 20 for calendar year 2014.”.

21 (3) DEFINITION OF ADDITIONAL SELF-EMPLOY-
 22 MENT INCOME.—Section 211 of the Social Security
 23 Act (42 U.S.C. 411) is amended by adding at the
 24 end the following new subsection:

1 “Additional Self-Employment Income

2 “(m)(1) For purposes of this title, the term ‘addi-
3 tional self-employment income’ means, for any taxable
4 year, the amount equal to the excess (if any) of—

5 “(A) the sum of self-employment income (deter-
6 mined without regard to subsection (b)(1)) for the
7 taxable year and wages (as defined in section
8 209(a), determined without regard to paragraph (1)
9 thereof) paid to such individual during such taxable
10 year, over

11 “(B) the sum of the additional wages paid to
12 such individual for the taxable year and the amount
13 determined under paragraph (2) for the taxable
14 year.

15 “(2) The amount determined under this paragraph
16 is an amount equal to—

17 “(A) in the case of a taxable year beginning
18 after December 31, 2015, and before January 1,
19 2017, \$400,000, and

20 “(B) in the case of any taxable year beginning
21 after December 31, 2016, the product of—

22 “(i) \$400,000, and

23 “(ii) the quotient obtained by dividing—

24 “(I) the national average wage index
25 (as defined in section 209(k)(1)) for the

1 calendar year which is 2 years before the
 2 calendar year in which the taxable year be-
 3 gins, by

4 “(II) the national average wage index
 5 for calendar year 2014.”.

6 **SEC. 5. INCLUSION OF SURPLUS EARNINGS IN SOCIAL SE-**
 7 **CURITY BENEFIT FORMULA.**

8 (a) INCLUSION OF SURPLUS AVERAGE INDEXED
 9 MONTHLY EARNINGS IN DETERMINATION OF PRIMARY
 10 INSURANCE AMOUNTS.—Section 215(a)(1)(A) of the So-
 11 cial Security Act (42 U.S.C. 415(a)(1)(A)) is amended—

12 (1) in clauses (i), (ii), and (iii), by inserting
 13 “basic” before “average indexed monthly earnings”
 14 each place it appears;

15 (2) in clause (ii), by striking “and” at the end;

16 (3) in clause (iii), by inserting “and” at the
 17 end; and

18 (4) by inserting after clause (iii) the following
 19 new clause:

20 “(iv) 2 percent of the individual’s surplus aver-
 21 age indexed monthly earnings,”.

22 (b) BASIC AIME AND SURPLUS AIME.—

23 (1) BASIC AIME.—Section 215(b)(1) of such
 24 Act (42 U.S.C. 415(b)(1)) is amended—

1 (A) in the matter preceding subparagraph
 2 (A), by inserting “basic” before “average”; and
 3 (B) in subparagraph (A), by striking
 4 “paragraph (3)” and inserting “paragraph
 5 (3)(A)” and by inserting before the comma the
 6 following: “to the extent such total does not ex-
 7 ceed the contribution and benefit base for the
 8 applicable year”.

9 (2) SURPLUS AIME.—

10 (A) IN GENERAL.—Section 215(b)(1) of
 11 such Act (as amended by paragraph (1)) is
 12 amended—

13 (i) by redesignating subparagraphs
 14 (A) and (B) as clauses (i) and (ii), respec-
 15 tively;

16 (ii) by inserting “(A)” after “(b)(1)”;
 17 and

18 (iii) by adding at the end the fol-
 19 lowing new subparagraph:

20 “(B)(i) An individual’s surplus average indexed
 21 monthly earnings shall be equal to the quotient obtained
 22 by dividing—

23 “(I) the total (after adjustment under para-
 24 graph (3)(B)) of such individual’s surplus earnings
 25 (determined under clause (ii)) for such individual’s

1 benefit computation years (determined under para-
2 graph (2)), by

3 “(II) the number of months in those years.

4 “(ii) For purposes of clause (i) and paragraph (3)(B),
5 an individual’s surplus earnings for a benefit computation
6 year are the total of such individual’s additional wages (as
7 defined in section 209(l)) paid in and additional self-em-
8 ployment income (as defined in section 209(m)) credited
9 to such benefit computation year, to the extent such total
10 does not exceed the amount determined for such year
11 under clause (iii).

12 “(iii) For purposes of clause (ii), the amount deter-
13 mined under this clause is—

14 “(I) in the case of a benefit computation year
15 beginning after December 31, 2015, and before Jan-
16 uary 1, 2017, \$500,000; and

17 “(II) in the case of any benefit computation
18 year beginning on or after January 1, 2017, the
19 product of \$500,000 and the quotient obtained by
20 dividing—

21 “(aa) the national average wage index (as
22 defined in section 209(k)(1)) for the calendar
23 year which is 2 years before the calendar year
24 in which the benefit computation year begins,
25 by

1 “(bb) the national average wage index for
2 calendar year 2014.”.

3 (B) CONFORMING AMENDMENT.—The
4 heading for section 215(b) of such Act is
5 amended by striking “Average Indexed Monthly
6 Earnings” and inserting “Basic Average In-
7 dexed Monthly Earnings; Surplus Average In-
8 dexed Monthly Earnings”.

9 (3) ADJUSTMENT OF SURPLUS EARNINGS FOR
10 PURPOSES OF DETERMINING SURPLUS AIME.—Sec-
11 tion 215(b)(3) of such Act (42 U.S.C. 415(b)(3)) is
12 amended—

13 (A) in subparagraph (A), by striking “sub-
14 paragraph (B)” and inserting “subparagraph
15 (C)” and by inserting “and determination of
16 basic average indexed monthly income” after
17 “paragraph (2)”;

18 (B) by redesignating subparagraph (B) as
19 subparagraph (C); and

20 (C) by inserting after subparagraph (A)
21 the following new subparagraph:

22 “(B) For purposes of determining under paragraph
23 (1)(B) an individual’s surplus average indexed monthly
24 earnings, the individual’s surplus earnings (described in

1 paragraph (1)(B)(ii)) for a benefit computation year shall
 2 be deemed to be equal to the product of—

3 “(i) the individual’s surplus earnings for such
 4 year (as determined without regard to this subpara-
 5 graph), and

6 “(ii) the quotient described in subparagraph
 7 (A)(ii).”.

8 (c) RAILROAD RETIREMENT ACT.—Section 1(h)(5)
 9 of the Railroad Retirement Act of 1974 (45 U.S.C.
 10 231(h)(5)) is amended—

11 (1) by striking “and” at the end of clause (ii);

12 (2) by striking the period at the end of clause

13 (iii) and inserting “; and”; and

14 (3) by adding at the end the following new
 15 clause:

16 “(iv) for each such calendar month
 17 after 2015, the amount which is creditable
 18 as such individual’s ‘additional wages’
 19 under section 209(l) of the Social Security
 20 Act.”.

21 (d) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply with respect to individuals who ini-
 23 tially become eligible (within the meaning of section
 24 215(a)(3)(B) of the Social Security Act (42 U.S.C.
 25 415(a)(3)(B))) for old-age or disability insurance benefits

- 1 under title II of the Social Security Act, or who die (before
- 2 becoming eligible for such benefits), in any calendar year
- 3 after 2015.

