

114TH CONGRESS
1ST SESSION

S. 960

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to make improvements in the old-age, survivors, and disability insurance program, and to provide for Social Security benefit protection.

IN THE SENATE OF THE UNITED STATES

APRIL 15, 2015

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

A BILL

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to make improvements in the old-age, survivors, and disability insurance program, and to provide for Social Security benefit protection.

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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may cited as the “Pro-
5 tecting and Preserving Social Security Act”.

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

Sec. 1. Short title and table of contents.

TITLE I—COST-OF-LIVING INCREASES

Sec. 101. Consumer Price Index for Elderly Consumers.

Sec. 102. Computation of cost-of-living increases.

TITLE II—CONTRIBUTION AND BENEFIT FAIRNESS

Sec. 201. Determination of wages and self-employment income above contribution and benefit base after 2015.

Sec. 202. Inclusion of surplus earnings in Social Security benefit formula.

1 **TITLE I—COST-OF-LIVING**
 2 **INCREASES**
 3 **SEC. 101. CONSUMER PRICE INDEX FOR ELDERLY CON-**
 4 **SUMERS.**

5 (a) IN GENERAL.—The Bureau of Labor Statistics
 6 of the Department of Labor shall prepare and publish an
 7 index for each calendar month to be known as the “Con-
 8 sumer Price Index for Elderly Consumers” that indicates
 9 changes over time in expenditures for consumption which
 10 are typical for individuals in the United States who are
 11 62 years of age or older.

12 (b) EFFECTIVE DATE.—Subsection (a) shall apply
 13 with respect to calendar months ending on or after July
 14 31 of the calendar year following the calendar year in
 15 which this Act is enacted.

16 (c) AUTHORIZATION OF APPROPRIATIONS.—There
 17 are authorized to be appropriated such sums as are nec-
 18 essary to carry out the provisions of this section.

19 **SEC. 102. COMPUTATION OF COST-OF-LIVING INCREASES.**

20 (a) IN GENERAL.—Section 215(i) of the Social Secu-
 21 rity Act (42 U.S.C. 415(i)) is amended—

1 (1) in paragraph (1)(G), by inserting before the
 2 period the following: “, and, solely with respect to
 3 any monthly insurance benefit payable under this
 4 title to an individual who has attained age 62, effective for adjustments under this subsection to the primary insurance amount on which such benefit is
 5 based (or to any such benefit under section 227 or
 6 228) occurring after such individual attains such
 7 age, the applicable Consumer Price Index shall be
 8 deemed to be the Consumer Price Index for Elderly
 9 Consumers and such primary insurance amount
 10 shall be deemed adjusted under this subsection using
 11 such Index”; and

12 (2) in paragraph (4), by striking “and by section 9001” and inserting “, by section 9001”, and
 13 by inserting after “1986,” the following: “and by
 14 section 102 of the Protecting and Preserving Social
 15 Security Act,”.

16 (b) CONFORMING AMENDMENTS IN APPLICABLE
 17 FORMER LAW.—Section 215(i)(1)(C) of such Act, as in
 18 effect in December 1978 and applied in certain cases
 19 under the provisions of such Act in effect after December
 20 1978, is amended by inserting before the period the following: “, and, solely with respect to any monthly insurance benefit payable under this title to an individual who

1 has attained age 62, effective for adjustments under this
 2 subsection to the primary insurance amount on which such
 3 benefit is based (or to any such benefit under section 227
 4 or 228) occurring after such individual attains such age,
 5 the applicable Consumer Price Index shall be deemed to
 6 be the Consumer Price Index for Elderly Consumers and
 7 such primary insurance amount shall be deemed adjusted
 8 under this subsection using such Index”.

9 (c) EFFECTIVE DATE.—The amendments made by
 10 subsection (a) shall apply to determinations made with re-
 11 spect to cost-of-living computation quarters (as defined in
 12 section 215(i)(1)(B) of the Social Security Act (42 U.S.C.
 13 415(i)(1)(B))) ending on or after September 30 of the sec-
 14 ond calendar year following the calendar year in which this
 15 Act is enacted.

16 **TITLE II—CONTRIBUTION AND** 17 **BENEFIT FAIRNESS**

18 **SEC. 201. DETERMINATION OF WAGES AND SELF-EMPLOY-** 19 **MENT INCOME ABOVE CONTRIBUTION AND** 20 **BENEFIT BASE AFTER 2015.**

21 (a) DETERMINATION OF WAGES ABOVE CONTRIBU-
 22 TION AND BENEFIT BASE AFTER 2015.—

23 (1) AMENDMENTS TO THE INTERNAL REVENUE
 24 CODE OF 1986.—Section 3121 of the Internal Rev-
 25 enue Code of 1986 is amended—

1 (A) in subsection (a)(1), by inserting “the
 2 applicable percentage (determined under sub-
 3 section (c)(1)) of” before “that part of the re-
 4 muneration”; and

5 (B) in subsection (c), by striking “(c) IN-
 6 CLUDED AND EXCLUDED SERVICE.—For pur-
 7 poses of this chapter, if” and inserting the fol-
 8 lowing:

9 “(c) SPECIAL RULES FOR WAGES AND EMPLOY-
 10 MENT.—

11 “(1) APPLICABLE PERCENTAGE OF REMUNERA-
 12 TION IN DETERMINING WAGES.—For purposes of
 13 paragraph (1) of subsection (a), the applicable per-
 14 centage for a calendar year, in connection with any
 15 calendar year referred to in such subparagraph,
 16 shall be the percentage determined in accordance
 17 with the following table:

“In the case of:	The applicable percentage is:
Calendar year 2016	86%
Calendar year 2017	71%
Calendar year 2018	57%
Calendar year 2019	43%
Calendar year 2020	29%
Calendar year 2021	14%
Calendar years after 2021	0%.

18 “(2) INCLUDED AND EXCLUDED SERVICE.—For
 19 purposes of this chapter, if”.

1 (2) AMENDMENTS TO THE SOCIAL SECURITY
2 ACT.—Section 209 of the Social Security Act (42
3 U.S.C. 409) is amended—

4 (A) in subsection (a)(1)(I)—

5 (i) by inserting “and before 2016”
6 after “1974”; and

7 (ii) by inserting “and” after the semi-
8 colon;

9 (B) in subsection (a)(1), by adding at the
10 end the following new subparagraph:

11 “(J) The applicable percentage (deter-
12 mined under subsection (I)) of that part of re-
13 muneration which, after remuneration (other
14 than remuneration referred to in the succeeding
15 subsections of this section) equal to the con-
16 tribution and benefit base (determined under
17 section 230) with respect to employment has
18 been paid to an individual during any calendar
19 year after 2015 with respect to which such con-
20 tribution and benefit base is effective, is paid to
21 such individual during such calendar year;”;
22 and

23 (C) by adding at the end the following new
24 subsection:

1 “(l) For purposes of subparagraph (J) of subsection
 2 (a)(1), the applicable percentage for a calendar year, in
 3 connection with any calendar year referred to in such sub-
 4 paragraph, shall be the percentage determined in accord-
 5 ance with the following table:

“In the case of:	The applicable percentage is:
Calendar year 2016	86%
Calendar year 2017	71%
Calendar year 2018	57%
Calendar year 2019	43%
Calendar year 2020	29%
Calendar year 2021	14%
Calendar years after 2021	0%.”.

6 (3) EFFECTIVE DATE.—The amendments made
 7 by this subsection shall apply with respect to remun-
 8 eration paid in calendar years after 2015.

9 (b) DETERMINATION OF SELF-EMPLOYMENT IN-
 10 COME ABOVE CONTRIBUTION AND BENEFIT BASE AFTER
 11 2015.—

12 (1) AMENDMENTS TO THE INTERNAL REVENUE
 13 CODE OF 1986.—Section 1402 of the Internal Rev-
 14 enue Code of 1986 is amended—

15 (A) in subsection (b)(1), by inserting “an
 16 amount equal to the applicable percentage (as
 17 determined under subsection (d)(2)) of” before
 18 “that part of the net earnings from self-employ-
 19 ment”; and

20 (B) in subsection (d)—

1 (i) by striking “(d) EMPLOYEE AND
 2 WAGES.—The term” and inserting the fol-
 3 lowing:

4 “(d) RULES AND DEFINITIONS.—

5 “(1) EMPLOYEE AND WAGES.—The term”; and

6 (ii) by adding at the end the fol-
 7 lowing:

8 “(2) APPLICABLE PERCENTAGE OF NET EARN-
 9 INGS FROM SELF-EMPLOYMENT IN DETERMINING
 10 SELF-EMPLOYMENT INCOME.—For purposes of para-
 11 graph (1) of subsection (b), the applicable percent-
 12 age for a taxable year beginning in any calendar
 13 year referred to in such paragraph shall be the per-
 14 centage determined in accordance with the following
 15 table:

“In the case of:	The applicable percentage is:
Calendar year 2016	86%
Calendar year 2017	71%
Calendar year 2018	57%
Calendar year 2019	43%
Calendar year 2020	29%
Calendar year 2021	14%
Calendar years after 2021	0%.”.

16 (2) AMENDMENTS TO THE SOCIAL SECURITY
 17 ACT.—Section 211 of the Social Security Act (42
 18 U.S.C. 411) is amended—

19 (A) in subsection (b)(1)(I)—

20 (i) by striking “or” after the semi-
 21 colon; and

1 (ii) by inserting “and before 2016”
 2 after “1974”;

3 (B) in subsection (b)—

4 (i) by redesignating paragraph (2) as
 5 paragraph (3); and

6 (ii) by inserting after paragraph (1)
 7 the following:

8 “(2) For any taxable year beginning in any cal-
 9 endar year after 2015, an amount equal to the appli-
 10 cable percentage (as determined under subsection
 11 (l)) of that part of net earnings from self-employ-
 12 ment which is in excess of (A) an amount equal to
 13 the contribution and benefit base (determined under
 14 section 230) that is effective for such calendar year,
 15 minus (B) the amount of the wages paid to such in-
 16 dividual during such taxable year; or”;

17 (C) by adding at the end the following:

18 “(l) For purposes of paragraph (2) of subsection (b),
 19 the applicable percentage for a taxable year beginning in
 20 any calendar year referred to in such paragraph, shall be
 21 the percentage determined in accordance with the fol-
 22 lowing table:

“In the case of:	The applicable percentage is:
Calendar year 2016	86%
Calendar year 2017	71%
Calendar year 2018	57%
Calendar year 2019	43%
Calendar year 2020	29%

“In the case of:**The applicable
percentage is:**

Calendar year 2021	14%
Calendar years after 2021	0%.”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply with respect to taxable
3 years beginning during or after calendar year 2016.

4 **SEC. 202. INCLUSION OF SURPLUS EARNINGS IN SOCIAL SE-**
5 **CURITY BENEFIT FORMULA.**

6 (a) INCLUSION OF SURPLUS AVERAGE INDEXED
7 MONTHLY EARNINGS IN DETERMINATION OF PRIMARY
8 INSURANCE AMOUNTS.—

9 (1) IN GENERAL.—Section 215(a)(1)(A) of the
10 Social Security Act (42 U.S.C. 415(a)(1)(A)) is
11 amended—

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

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

17 (C) by inserting after clause (iii) the fol-
18 lowing new clauses:

19 “(iv) 3 percent of the individual’s surplus aver-
20 age indexed monthly earnings to the extent such
21 surplus average indexed monthly earnings do not ex-
22 ceed the excess of the amount established for pur-
23 poses of this clause by subparagraph (B) over $\frac{1}{12}$

1 of the contribution and benefit base for the last of
 2 such individual's computation base years, and

3 “(v) 0.25 percent of the sum of the individual's
 4 surplus average indexed monthly earnings plus $\frac{1}{12}$
 5 of the contribution and benefit base for the last of
 6 such individual's computation base years, to the ex-
 7 tent such sum exceeds the amount established for
 8 purposes of clause (iv) by subparagraph (B).”.

9 (2) BEND POINT FOR SURPLUS EARNINGS.—
 10 Section 215(a)(1)(B) of such Act (42 U.S.C.
 11 415(a)(1)(B)) is amended—

12 (A) in clause (ii), by striking “the amounts
 13 so established” and inserting “the amounts es-
 14 tablished for purposes of clauses (i) and (ii) of
 15 subparagraph (A)”;

16 (B) by redesignating clause (iii) as clause
 17 (v);

18 (C) in clause (v) (as redesignated), by in-
 19 serting “or (iv)” after “clause (ii)”; and

20 (D) by inserting after clause (ii) the fol-
 21 lowing new clauses:

22 “(iii) For individuals who initially become eligible for
 23 old-age or disability insurance benefits, or who die (before
 24 becoming eligible for such benefits), in the calendar year

1 2016, the amount established for purposes of clause (iv)
 2 of subparagraph (A) shall be \$11,358.

3 “(iv) For individuals who initially become eligible for
 4 old-age or disability insurance benefits, or who die (before
 5 becoming eligible for such benefits), in any calendar year
 6 after 2016, the amount established for purposes of clause
 7 (iv) of subparagraph (A) shall equal the product of the
 8 amount established with respect to the calendar year 2016
 9 under clause (iii) of this subparagraph and the quotient
 10 obtained by dividing—

11 “(I) the national average wage index (as de-
 12 fined in section 209(k)(1)) for the second calendar
 13 year preceding the calendar year for which the de-
 14 termination is made, by

15 “(II) the national average wage index (as so de-
 16 fined) for 2014.”.

17 (b) BASIC AIME AND SURPLUS AIME.—

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

20 (A) by inserting “basic” before “average”;
 21 and

22 (B) in subparagraph (A), by striking
 23 “paragraph (3)” and inserting “paragraph
 24 (3)(A)” and by inserting before the comma the
 25 following: “to the extent such total does not ex-

1 ceed the contribution and benefit base for the
2 applicable year”.

3 (2) SURPLUS AIME.—

4 (A) IN GENERAL.—Section 215(b)(1) of
5 such Act (as amended by paragraph (1)) is
6 amended—

7 (i) by redesignating subparagraphs
8 (A) and (B) as clauses (i) and (ii), respec-
9 tively;

10 (ii) by inserting “(A)” after “(b)(1)”;

11 and

12 (iii) by adding at the end the fol-
13 lowing new subparagraph:

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

17 “(I) the total (after adjustment under para-
18 graph (3)(B)) of such individual’s surplus earnings
19 (determined under clause (ii)) for such individual’s
20 benefit computation years (determined under para-
21 graph (2)), by

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

23 “(ii) For purposes of clause (i) and paragraph (3)(B),
24 an individual’s surplus earnings for a benefit computation
25 year are the total of such individual’s wages paid in and

1 self-employment income credited to such benefit computa-
 2 tion year, to the extent such total (before adjustment
 3 under paragraph (3)(B)) exceeds the contribution and
 4 benefit base for such year.”.

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

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

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

20 (B) by redesignating subparagraph (B) as
 21 subparagraph (C); and

22 (C) by inserting after subparagraph (A)
 23 the following new subparagraph:

24 “(B) For purposes of determining under paragraph
 25 (1)(B) an individual’s surplus average indexed monthly

1 earnings, the individual’s surplus earnings (described in
 2 paragraph (2)(B)(ii)) for a benefit computation year shall
 3 be deemed to be equal to the product of—

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

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

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply with respect to individuals who ini-
 11 tially become eligible (within the meaning of section
 12 215(a)(3)(B) of the Social Security Act) for old-age or dis-
 13 ability insurance benefits under title II of the Social Secu-
 14 rity Act, or who die (before becoming eligible for such ben-
 15 efits), in any calendar year after 2015.

○