

115TH CONGRESS
1ST SESSION

H. R. 4584

To provide loan forgiveness to borrowers of Federal student loans who agree to delay eligibility to collect Social Security benefits, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 7, 2017

Mr. GARRETT (for himself, Mr. MESSER, Mr. ROKITA, Mr. FERGUSON, and Mr. BRAT) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide loan forgiveness to borrowers of Federal student loans who agree to delay eligibility to collect Social Security benefits, 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.**

4 This Act may be cited as the “Student Security Act
5 of 2017”.

1 **SEC. 2. STUDENT SECURITY LOAN FORGIVENESS PRO-**
2 **GRAM.**

3 Section 455 of the Higher Education Act of 1965 (20
4 U.S.C. 1087e) is amended by adding at the end the fol-
5 lowing:

6 “(r) STUDENT SECURITY LOAN FORGIVENESS PRO-
7 GRAM.—

8 “(1) PROGRAM AUTHORIZED.—Beginning not
9 later than 180 days after the date of the enactment
10 of the Student Security Act of 2017, the Secretary
11 of Education, jointly with the Commissioner of So-
12 cial Security, shall carry out a program under which
13 the Secretary shall issue student loan forgiveness
14 credits to qualified borrowers of eligible Federal Di-
15 rect loans in exchange for delayed eligibility for old-
16 age insurance benefits under title II of the Social
17 Security Act (as amended by the Student Security
18 Act of 2017) in accordance with this subsection.

19 “(2) AGREEMENT REQUIRED.—To be eligible to
20 participate in the program, a qualified borrower
21 shall enter into a written agreement with the Sec-
22 retary of Education and the Commissioner of Social
23 Security under which the borrower—

24 “(A) elects to receive a specified number of
25 student loan forgiveness credits not greater
26 than 73; and

1 “(B) acknowledges the extent of the bor-
2 rower’s delayed eligibility for old-age insurance
3 benefits under title II of the Social Security Act
4 (as amended by the Student Security Act of
5 2017) as a result of receiving such credits.

6 “(3) TERMINATION.—No borrower may enter
7 into an agreement under paragraph (2) unless such
8 borrower was a qualified borrower on or before the
9 date that is 15 years after the date of the enactment
10 of the Student Security Act of 2017.

11 “(4) COMBINATION WITH OTHER FORGIVENESS
12 PROGRAMS.—Unless otherwise provided by law, a
13 qualified borrower may combine forgiveness under
14 this subsection with other forgiveness programs
15 under this Act, except in no case shall the total
16 amount of forgiveness received by a borrower under
17 all such programs exceed the amount of Federal stu-
18 dent loans owed by such borrower.

19 “(5) DEFINITIONS.—In this section:

20 “(A) DEFAULT.—The term ‘default’ has
21 the meaning given the term in section 435(l).

22 “(B) ELIGIBLE FEDERAL DIRECT LOAN.—
23 The term ‘eligible Federal Direct loan’ means
24 any loan made under this part, including any
25 such loan on which the borrower has defaulted.

1 “(C) INITIAL QUALIFYING DATE.—The
2 term ‘initial qualifying date’ means the date
3 that is 24 months after the date of the enact-
4 ment of the Student Security Act of 2017.

5 “(D) QUALIFIED BORROWER.—The term
6 ‘qualified borrower’—

7 “(i) with respect to a borrower who
8 seeks to enter into an agreement under
9 paragraph (2) on or before the initial
10 qualifying date, means a borrower of an el-
11 igible Federal Direct loan who is not enti-
12 tled to collect old-age insurance benefits
13 under title II of the Social Security Act as
14 of the date of the agreement under para-
15 graph (2), including a borrower who is a
16 defaulted borrower; and

17 “(ii) with respect to a borrower who
18 seeks to enter into an agreement under
19 paragraph (2) after the initial qualifying
20 date, means—

21 “(I) a borrower of an eligible
22 Federal Direct loan who is not enti-
23 tled to collect old-age insurance bene-
24 fits under title II of the Social Secu-
25 rity Act as of the date of the agree-

ment under paragraph (2), including
a borrower who is a defaulted borrower; and

“(II) who was eligible for a
deferment under subsection (f)(2)(A)
at any time during the five-year period preceding the date of the agreement under paragraph (2).

“(E) STUDENT LOAN FORGIVENESS CREDIT.—The term ‘student loan forgiveness credit’ means the cancellation of the obligation of a qualified borrower to repay \$550 in eligible Federal Direct loans in exchange for delayed eligibility for old-age insurance benefits as specified in title II of the Social Security Act (as amended by the Student Security Act of 2017).”.

SEC. 3. DELAYED ELIGIBILITY FOR OLD-AGE INSURANCE BENEFITS.

(a) RETIREMENT AGE; EARLY RETIREMENT AGE.—
Section 216(l) of the Social Security Act (42 U.S.C.
416(l)) is amended by adding at the end the following:

“(4) Notwithstanding the preceding paragraphs of
this subsection, in the case of an individual who receives

1 one or more student loan forgiveness credits under section
2 455(r) of the Higher Education Act of 1965—

3 “(A) the retirement age with respect to such in-
4 dividual shall be deemed to be—

5 “(i) the retirement age determined with re-
6 spect to such individual under paragraph (1);
7 plus

8 “(ii) a number of additional months equal
9 to the number of student loan forgiveness cred-
10 its received by the individual under such section
11 455(r); and

12 “(B) the early retirement age with respect to
13 such individual shall be deemed to be—

14 “(i) the early retirement age determined
15 with respect to such individual under paragraph
16 (2); plus

17 “(ii) a number of additional months equal
18 to the number of student loan forgiveness cred-
19 its received by the individual under such section
20 455(r).”.

21 (b) DELAYED RETIREMENT CREDITS.—Section
22 202(w) of the Social Security Act (42 U.S.C. 402(w)) is
23 amended by inserting after “age 70” each place it appears
24 the following: “(or, in the case of an individual described
25 in paragraph (4) of section 216(l), age 70 plus the number

1 of additional months determined under subparagraph
 2 (A)(ii) of such paragraph”).

3 (c) VOLUNTARY SUSPENSION OF BENEFITS.—Sec-
 4 tion 202(z) of the Social Security Act (42 U.S.C. 402(z))
 5 is amended by inserting after “the age of 70” the fol-
 6 lowing: “(or, in the case of an individual described in para-
 7 graph (4) of section 216(l), the age of 70 plus the number
 8 of additional months determined under subparagraph
 9 (A)(ii) of such paragraph”).

10 **SEC. 4. INTERFUND BORROWING.**

11 Section 201(l) of the Social Security Act (42 U.S.C.
 12 401(l)) is amended to read as follows:

13 “(l)(1) If at any time the Managing Trustee deter-
 14 mines that borrowing authorized under this subsection is
 15 necessary to pay full benefit payments from the Federal
 16 Disability Insurance Trust Fund, the Managing Trustee
 17 may borrow such necessary amounts from the Federal
 18 Old-Age and Survivors Insurance Trust Fund for transfer
 19 to and deposit in the Federal Disability Insurance Trust
 20 Fund.

21 “(2) In any case where a loan has been made to the
 22 Federal Disability Insurance Trust Fund under paragraph
 23 (1), there shall be transferred on the last day of each
 24 month after such loan is made, from the borrowing Trust
 25 Fund to the lending Trust Fund, the total interest accrued

1 to such day with respect to the unrepaid balance of such
2 loan at a rate equal to the rate which the lending Trust
3 Fund would earn on the amount involved if the loan were
4 an investment under subsection (d) (even if such an in-
5 vestment would earn interest at a rate different than the
6 rate earned by investments redeemed by the lending Trust
7 Fund in order to make the loan).

8 “(3)(A) If in any month after a loan has been made
9 to the Federal Disability Insurance Trust Fund under
10 paragraph (1), the Managing Trustee determines that the
11 assets of such Trust Fund are sufficient to permit repay-
12 ment of all or part of any loans made to such Fund under
13 paragraph (1), he shall make such repayments as he deter-
14 mines to be appropriate.

15 “(B) The full amount of all loans made under
16 paragraph (1) shall be repaid at the earliest feasible
17 date.

18 “(4) The Board of Trustees shall make a timely re-
19 port to the Congress of any amounts transferred (includ-
20 ing interest payments) under this subsection.”.

1 **SEC. 5. EXCLUSION FROM GROSS INCOME FOR DISCHARGE**
 2 **OF STUDENT LOAN INDEBTEDNESS UNDER**
 3 **THE STUDENT SECURITY LOAN FORGIVE-**
 4 **NESS PROGRAM.**

5 (a) IN GENERAL.—Paragraph (1) of section 108(f)
 6 of the Internal Revenue Code of 1986 is amended to read
 7 as follows:

8 “(1) IN GENERAL.—In the case of an indi-
 9 vidual, gross income does not include any amount
 10 which (but for this subsection) would be includible in
 11 gross income by reason of the discharge (in whole or
 12 in part) of any student loan if such discharge was
 13 pursuant to—

14 “(A) a provision of such loan under which
 15 all or part of the indebtedness of the individual
 16 would be discharged if the individual worked for
 17 a certain period of time in certain professions
 18 for any of a broad class of employers, or

19 “(B) the receipt of student loan forgive-
 20 ness credits under section 455(r) of the Higher
 21 Education Act of 1965.”.

22 (b) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply to discharges of indebtedness on
 24 or after the date of the enactment of this Act.

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