

115TH CONGRESS
2D SESSION

S. 2484

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

IN THE SENATE OF THE UNITED STATES

MARCH 1, 2018

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 “Stronger Safety Net Act”, or the “SSN 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. 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.

24 “(B) For purposes of subparagraph (A)(ii), the appli-
 25 cable percentage shall be equal to 100 percent reduced by
 26 10 percentage points for each year in the period imme-

1 diately before the date the divorce became effective in
 2 which the divorced wife was married to her former hus-
 3 band that is less than 10 years.”.

4 (2) HUSBAND’S INSURANCE BENEFITS.—Sec-
 5 tion 202(c) of the Social Security Act (42 U.S.C.
 6 402(c)) is amended—

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

9 (B) by amending paragraph (2) to read as
 10 follows:

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

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

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

22 “(B) For purposes of subparagraph (A)(ii), the appli-
 23 cable percentage shall be equal to 100 percent reduced by
 24 10 percentage points for each year in the period imme-
 25 diately before the date the divorce became effective in

1 which the divorced husband was married to his former
 2 wife that is less than 10 years.”.

3 (b) IMPROVING SOCIAL SECURITY BENEFITS FOR
 4 WIDOWS AND WIDOWERS IN TWO-INCOME HOUSE-
 5 HOLDS.—

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

8 (A) in paragraph (1)—

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

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

13 (iii) by striking subparagraph (D);

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

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

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

24 “(2)(A) Except as provided in subsection
 25 (k)(5), subsection (q), and subparagraph (D) of this

paragraph, such widow's insurance benefit for each month shall be equal to the greater of—

“(i) subject to paragraph (9), the primary insurance amount (as determined for purposes of this subsection after application of subparagraphs (B) and (C)) of such deceased individual; or

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

(C) in paragraph (5)—

(i) in subparagraph (A), by striking “paragraph (1)(F)” and inserting “paragraph (1)(E)”; and

(ii) in subparagraph (B), by striking “paragraph (1)(F)(i)” and inserting “paragraph (1)(E)(i)”; and

(D) by adding at the end the following new paragraphs:

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

11 “(10) For purposes of paragraph (2)(A)(ii), the
 12 amount determined under such paragraph shall not
 13 exceed the primary insurance amount for such
 14 month of a hypothetical individual—

15 “(A) who became entitled to old-age insur-
 16 ance benefits upon attaining early retirement
 17 age during the month in which the deceased in-
 18 dividual referred to in paragraph (1) became
 19 entitled to old-age or disability insurance bene-
 20 fits, or died (before becoming entitled to such
 21 benefits); and

22 “(B) to whom wages and self-employment
 23 income were credited in each of such hypo-
 24 thetical individual’s elapsed years (within the
 25 meaning of section 215(b)(2)(B)(iii)) in an

1 amount equal to the national average wage
 2 index (as described in section 209(k)(1)) for
 3 each such year.”.

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

6 (A) in paragraph (1)—

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

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

11 (iii) by striking subparagraph (D);

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

15 (v) in the flush matter following sub-
 16 paragraph (E)(ii), as so redesignated, by
 17 striking “becomes entitled to an old-age in-
 18 surance benefit” and all that follows
 19 through “such deceased individual,”;

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

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

“(i) subject to paragraph (9), the primary insurance amount (as determined for purposes of this subsection after application of subparagraphs (B) and (C)) of such deceased individual; or

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

(C) in paragraph (5)—

(i) in subparagraph (A), by striking “paragraph (1)(F)” and inserting “paragraph (1)(E)”; and

(ii) in subparagraph (B), by striking “paragraph (1)(F)(i)” and inserting “paragraph (1)(E)(i)”; and

(D) by adding at the end the following new paragraphs:

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

11 “(10) For purposes of paragraph (2)(A)(ii), the
 12 amount determined under such paragraph shall not
 13 exceed the primary insurance amount for such
 14 month of a hypothetical individual—

15 “(A) who became entitled to old-age insur-
 16 ance benefits upon attaining early retirement
 17 age during the month in which the deceased in-
 18 dividual referred to in paragraph (1) became
 19 entitled to old-age or disability insurance bene-
 20 fits, or died (before becoming entitled to such
 21 benefits); and

22 “(B) to whom wages and self-employment
 23 income were credited in each of such hypo-
 24 thetical individual’s elapsed years (within the
 25 meaning of section 215(b)(2)(B)(iii)) in an

1 amount equal to the national average wage
 2 index (as described in section 209(k)(1)) for
 3 each such year.”.

4 (3) REDUCTION OF BENEFIT FOR INDIVIDUALS
 5 ENTITLED TO SIMULTANEOUS BENEFITS.—Section
 6 202(k)(3) of the Social Security Act (42 U.S.C.
 7 402(k)(3)) is amended—

8 (A) in subparagraph (A), by striking “If
 9 an individual” and inserting “Except as pro-
 10 vided in subparagraph (C), if an individual”;
 11 and

12 (B) by adding at the end the following new
 13 subparagraph:

14 “(C) If an individual is entitled for any month to a
 15 widow’s or widower’s insurance benefit and is also entitled
 16 to an old-age or disability insurance benefit for such
 17 month that is greater than such widow’s or widower’s in-
 18 surance benefit, the reduction described in subparagraph
 19 (A), with respect to such widow’s or widower’s insurance
 20 benefit, shall be carried out by substituting an amount
 21 equal to the primary insurance amount of the deceased
 22 individual referred to in subsection (e)(1) or (f)(1) (as de-
 23 termined for purposes of subsection (e)(2)(A)(i) or
 24 (f)(2)(A)(i)) for the amount equal to the old-age or dis-

1 ability insurance benefit of the individual entitled to the
 2 widow's or widower's insurance benefit.”.

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

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

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

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

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

13 (d) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply with respect to wife's insurance
 15 benefits, husband's insurance benefits, widow's insurance
 16 benefits, and widower's insurance benefits that are pay-
 17 able for months beginning after December 31, 2018.

18 **SEC. 3. EXTENDED BENEFIT ELIGIBILITY FOR CHILDREN**

19 **WHO ARE FULL-TIME STUDENTS.**

20 (a) IN GENERAL.—

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

24 (A) in paragraphs (1)(B), (1)(E),
 25 (1)(F)(i), (1)(G)(ii), (6)(A), (6)(D), (6)(E)(i),

1 (7)(A), (7)(B), and (7)(D), by striking “full-
 2 time elementary or secondary school student”
 3 each place it appears and inserting “full-time
 4 student”;

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

9 (C) in subparagraphs (A), (B), and (D) of
 10 paragraph (7), by striking “elementary or sec-
 11 ondary school” each place it appears and insert-
 12 ing “educational institution”;

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

16 (E) in paragraph (7), by amending sub-
 17 paragraph (C) to read as follows:

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

20 “(i) a school which provides elemen-
 21 tary or secondary education as determined
 22 under the law of the State or other juris-
 23 diction in which it is located; and

1 “(ii) an institution described in sec-
 2 tion 102 of the Higher Education Act of
 3 1965 (20 U.S.C. 1002).”; and

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

10 (2) EFFECTIVE DATE.—The amendments made
 11 by this subsection shall apply to child’s insurance
 12 benefits that are payable for months beginning after
 13 December 31, 2018.

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

17 (1) in paragraph (3)—

18 (A) by redesignating subparagraph (D) as
 19 subparagraph (E); and

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

22 “(D) During the period that begins on January
 23 1, 2019, and ends on December 31, 2023, when any
 24 of such individuals has attained age 19 and is enti-
 25 tled to monthly benefits as a child who is a full-time

1 student under section 202(d)(1)(B)(i) for any
 2 month, the benefit to which he or she is entitled on
 3 the basis of the wages and self-employment income
 4 of such insured individual for such month shall be
 5 determined without regard to this subsection, and
 6 the benefits of all other individuals who are entitled
 7 for such month to monthly benefits under section
 8 202 on the wages and self-employment income of
 9 such insured individual shall be determined as if no
 10 such child were entitled to benefits for such
 11 month.”; and

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

14 (c) RAILROAD RETIREMENT ACT.—

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

17 (A) in clause (iii) of paragraph (1), by
 18 striking “will be less than nineteen years of age
 19 and a full-time elementary or secondary school
 20 student” and inserting “will be less than 23
 21 years of age and a full-time student at an edu-
 22 cational institution (as defined in section
 23 202(d)(7) of the Social Security Act)”; and

24 (B) in paragraph (4)—

1 (i) by striking “elementary or sec-
 2 ondary school” each place it appears and
 3 inserting “educational institution”;

4 (ii) by striking “nineteen” and insert-
 5 ing “23”; and

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

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

16 (A) by striking “elementary or secondary
 17 school” and inserting “educational institution”;
 18 and

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

20 **SEC. 4. ESTABLISHMENT OF PAYROLL SURTAX FOR HIGH-**
 21 **INCOME INDIVIDUALS.**

22 (a) SELF-EMPLOYMENT INCOME SURTAX.—Section
 23 1401 of the Internal Revenue Code of 1986 is amended—

24 (1) by redesignating subsection (c) as sub-
 25 section (d); and

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

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

5 “(1) IN GENERAL.—In addition to the taxes im-
 6 posed by the preceding subsections, there is hereby
 7 imposed on every individual for each taxable year be-
 8 ginning after December 31, 2018, a tax equal to 4
 9 percent of additional self-employment income for
 10 such taxable year.

11 “(2) ADDITIONAL SELF-EMPLOYMENT IN-
 12 COME.—For purposes of paragraph (1), the term
 13 ‘additional self-employment income’ means, for any
 14 taxable year, the amount (not less than zero) equal
 15 to the excess of—

16 “(A) the sum of self-employment income
 17 (determined without regard to section
 18 1402(b)(1)) for the taxable year and wages (as
 19 defined in section 3121(a), determined without
 20 regard to paragraph (1) thereof) paid to such
 21 individual during such taxable year, over

22 “(B) the sum of the additional wages (as
 23 defined in section 3101(c)(2)) paid to such indi-
 24 vidual for the taxable year and the amount de-

1 terminated under paragraph (3) for the taxable
2 year.

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

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

8 “(A) in the case of a taxable year begin-
9 ning after December 31, 2018, and before Jan-
10 uary 1, 2020, \$400,000, and

11 “(B) in the case of any taxable year begin-
12 ning after December 31, 2019, the product of—

13 “(i) \$400,000, and

14 “(ii) the quotient obtained by divid-
15 ing—

16 “(I) the national average wage
17 index (as defined in section 209(k)(1))
18 for the calendar year which is 2 years
19 before the calendar year in which the
20 taxable year begins, by

21 “(II) the national average wage
22 index for calendar year 2017.”.

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

1 (1) by redesignating subsection (c) as sub-
2 section (d); and

3 (2) by inserting after subsection (b) the fol-
4 lowing new subsection:

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

7 “(1) IN GENERAL.—In addition to the taxes im-
8 posed by the preceding subsections, there is hereby
9 imposed on the income of every individual a tax
10 equal to 2 percent of additional wages (as defined in
11 paragraph (2)) which are received with respect to
12 employment during any calendar year beginning
13 after December 31, 2018.

14 “(2) ADDITIONAL WAGES.—For purposes of
15 paragraph (1), the term ‘additional wages’ has the
16 same meaning given the term ‘wages’ under section
17 3121(a) (determined without regard to paragraph
18 (1) thereof), except that such term shall not include
19 that amount of remuneration that is less than—

20 “(A) for calendar year 2019, \$400,000,
21 and

22 “(B) for any calendar year after 2019, the
23 product of—

24 “(i) \$400,000, and

1 “(ii) the quotient obtained by divid-
2 ing—

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

7 “(II) the national average wage
8 index for calendar year 2017.”.

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

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

14 “(1) IN GENERAL.—In addition to the taxes im-
15 posed by subsections (a) and (b), there is hereby im-
16 posed on every employer an excise tax, with respect
17 to having individuals in his employ, equal to 2 per-
18 cent of additional wages (as defined in paragraph
19 (2)) paid by the employer with respect to employ-
20 ment during any calendar year beginning after De-
21 cember 31, 2018.

22 “(2) ADDITIONAL WAGES.—For purposes of
23 paragraph (1), the term ‘additional wages’ has the
24 same meaning given such term under section
25 3101(c).”.

1 (d) RAILROAD RETIREMENT TAX ACT.—

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

4 (A) by redesignating subsection (c) as sub-
5 section (d); and

6 (B) by inserting after subsection (b) the
7 following new subsection:

8 “(c) ADDITIONAL TIER 1 TAX.—

9 “(1) IN GENERAL.—In addition to the taxes im-
10 posed by the preceding subsections, there is hereby
11 imposed on the income of each employee a tax equal
12 to 2 percent of additional compensation (as defined
13 in paragraph (2)) received by such employee during
14 any calendar year beginning after December 31,
15 2018, for services rendered by such employee.

16 “(2) ADDITIONAL COMPENSATION.—For pur-
17 poses of paragraph (1), the term ‘additional com-
18 pensation’ has the same meaning given the term
19 ‘compensation’ under section 3231(e) (determined
20 without regard to paragraph (2) thereof), except
21 that such term shall not include that amount of re-
22 muneratation that is less than—

23 “(A) for calendar year 2019, \$400,000,
24 and

1 “(B) for any calendar year after 2019, 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 2017.”.

12 (2) RAILROAD EMPLOYEE REPRESENTATIVES.—

13 Section 3211 of the Internal Revenue Code of 1986
14 is amended—

15 (A) by redesignating subsection (c) as sub-
16 section (d); and

17 (B) by inserting after subsection (b) the
18 following new subsection:

19 “(c) ADDITIONAL TIER 1 TAX.—In addition to the
20 taxes imposed by the preceding subsections, there is here-
21 by imposed on the income of each employee representative
22 a tax equal to 4 percent of additional compensation (as
23 defined under section 3201(c)) received by such employee
24 representative during any calendar year beginning after

1 December 31, 2018, for services rendered by such em-
 2 ployee representative.”.

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

6 “(e) ADDITIONAL TIER 1 TAX.—In addition to the
 7 taxes imposed by subsections (a) and (b), there is hereby
 8 imposed on every employer an excise tax, with respect to
 9 having individuals in his employ, equal to 2 percent of ad-
 10 ditional compensation (as defined under section 3201(c))
 11 paid by such employer during any calendar year beginning
 12 after December 31, 2018, for services rendered to such
 13 employer.”.

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

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

24 (1) TRANSFER OF AMOUNTS TO FEDERAL OLD-
 25 AGE AND SURVIVORS INSURANCE TRUST FUND.—

1 Section 201 of the Social Security Act (42 U.S.C.
2 401) is amended—

3 (A) in subsection (b)(3)—

4 (i) by inserting “and additional wages
5 (as defined in section 1402(c) of such
6 Code)” after “section 3121 of such
7 Code”;

8 (ii) by inserting “and additional
9 wages” after “such wages”;

10 (iii) by inserting “and additional
11 wages” after “which wages”; and

12 (iv) by inserting “and additional
13 wages” after “records of wages”;

14 (B) in subsection (b)(4)—

15 (i) by inserting “and additional self-
16 employment income (as defined in section
17 3101(c) of such Code)” after “section
18 1402 of such Code”;

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

22 (iii) by inserting “and additional self-
23 employment income” after “which self-em-
24 ployment income”; and

(iv) by inserting “and additional self-employment income” after “records of self-employment income”;

(C) in subsection (c)(1)(R)—

(i) by inserting “and additional wages (as so defined)” after “wages (as so defined)”;

(ii) by inserting “and additional wages” after “which wages”; and

(iii) by inserting “and additional wages” after “records of wages”; and

(D) in subsection (c)(2)(R)—

(i) by inserting “and additional self-employment income (as so defined)” after “self-employment income (as so defined)”;

(ii) by inserting “and additional self-employment income” after “which self-employment income”; and

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

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

1 “Additional Wages

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

7 “(1) for calendar year 2019, \$400,000, and

8 “(2) for any calendar year after 2019, the prod-
9 uct of—

10 “(A) \$400,000, and

11 “(B) the quotient obtained by dividing—

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

15 “(ii) the national average wage index
16 for calendar year 2017.”.

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

21 “Additional Self-Employment Income

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

1 “(A) the sum of self-employment income (deter-
 2 mined without regard to subsection (b)(1)) for the
 3 taxable year and wages (as defined in section
 4 209(a), determined without regard to paragraph (1)
 5 thereof) paid to such individual during such taxable
 6 year, over

7 “(B) the sum of the additional wages paid to
 8 such individual for the taxable year and the amount
 9 determined under paragraph (2) for the taxable
 10 year.

11 “(2) The amount determined under this paragraph
 12 is an amount equal to—

13 “(A) in the case of a taxable year beginning
 14 after December 31, 2018, and before January 1,
 15 2020, \$400,000, and

16 “(B) in the case of any taxable year beginning
 17 after December 31, 2019, the product of—

18 “(i) \$400,000, and

19 “(ii) the quotient obtained by dividing—

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

1 “(II) the national average wage index
2 for calendar year 2017.”.

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

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

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

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

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

15 (4) by inserting after clause (iii) the following
16 new clause:

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

19 (b) BASIC AIME AND SURPLUS AIME.—

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

22 (A) in the matter preceding subparagraph

23 (A), by inserting “basic” before “average”; and

24 (B) in subparagraph (A), by striking

25 “paragraph (3)” and inserting “paragraph

1 (3)(A)” and by inserting before the comma the
 2 following: “to the extent such total does not ex-
 3 ceed the contribution and benefit base for the
 4 applicable year”.

5 (2) SURPLUS AIME.—

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

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

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

13 and

14 (iii) by adding at the end the fol-
 15 lowing new subparagraph:

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

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

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

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

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

11 “(I) in the case of a benefit computation year
 12 beginning after December 31, 2018, and before Jan-
 13 uary 1, 2020, \$500,000; and

14 “(II) in the case of any benefit computation
 15 year beginning after December 31, 2019, the prod-
 16 uct of \$500,000 and the quotient obtained by divid-
 17 ing—

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

23 “(bb) the national average wage index for
 24 calendar year 2017.”.

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

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

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

16 (B) by redesignating subparagraph (B) as
 17 subparagraph (C); and

18 (C) by inserting after subparagraph (A)
 19 the following new subparagraph:

20 “(B) For purposes of determining under paragraph
 21 (1)(B) an individual’s surplus average indexed monthly
 22 earnings, the individual’s surplus earnings (described in
 23 paragraph (1)(B)(ii)) for a benefit computation year shall
 24 be deemed to be equal to the product of—

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

4 “(ii) the quotient described in subparagraph
5 (A)(ii).”.

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

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

10 (2) by striking the period at the end of clause
11 (iii) and inserting “; and”; and

12 (3) by adding at the end the following new
13 clause:

14 “(iv) for each such calendar month
15 after 2018, the amount which is creditable
16 as such individual’s ‘additional wages’
17 under section 209(l) of the Social Security
18 Act.”.

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

- 1 becoming eligible for such benefits), in any calendar year
- 2 after 2018.

