

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.

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## 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

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## 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, effec-  
5           tive for adjustments under this subsection to the pri-  
6           mary insurance amount on which such benefit is  
7           based (or to any such benefit under section 227 or  
8           228) occurring after such individual attains such  
9           age, the applicable Consumer Price Index shall be  
10          deemed to be the Consumer Price Index for Elderly  
11          Consumers and such primary insurance amount  
12          shall be deemed adjusted under this subsection using  
13          such Index”; and

14           (2) in paragraph (4), by striking “and by sec-  
15          tion 9001” and inserting “, by section 9001”, and  
16          by inserting after “1986,” the following: “and by  
17          section 102 of the Protecting and Preserving Social  
18          Security Act,”.

19          (b) CONFORMING AMENDMENTS IN APPLICABLE  
20          FORMER LAW.—Section 215(i)(1)(C) of such Act, as in  
21          effect in December 1978 and applied in certain cases  
22          under the provisions of such Act in effect after December  
23          1978, is amended by inserting before the period the fol-  
24          lowing: “, and, solely with respect to any monthly insur-  
25          ance 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 muneratation”; 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:

<b>“In the case of:</b>	<b>The applicable percentage is:</b>
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 munerated 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:

<b>“In the case of:</b>	<b>The applicable percentage is:</b>
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:

<b>“In the case of:</b>	<b>The applicable percentage is:</b>
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 (1)) 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 “(1) 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:

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

<b>“In the case of:</b>	<b>The applicable percentage is:</b>
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)”;

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 subparagraph (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.

○