

113TH CONGRESS  
1ST SESSION

# S. 567

To improve the retirement security of American families by strengthening  
Social Security.

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IN THE SENATE OF THE UNITED STATES

MARCH 14, 2013

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

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## A BILL

To improve the retirement security of American families by  
strengthening Social Security.

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 “Strengthening Social  
5 Security Act of 2013”.

6 **SEC. 2. DETERMINATION OF TAXABLE WAGES AND SELF-**  
7 **EMPLOYMENT INCOME ABOVE CONTRIBU-**  
8 **TION AND BENEFIT BASE AFTER 2013.**

9 (a) DETERMINATION OF TAXABLE WAGES ABOVE  
10 CONTRIBUTION AND BENEFIT BASE AFTER 2013.—

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

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

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

12           “(c) SPECIAL RULES FOR WAGES AND EMPLOY-  
13           MENT.—

14                   “(1) APPLICABLE PERCENTAGE OF REMUNERA-  
15                   TION IN DETERMINING TAXABLE WAGES.—For pur-  
16                   poses of subsection (a)(1), the applicable percentage  
17                   for a calendar year shall be equal to—

18                           “(A) for 2014, 80 percent;

19                           “(B) for 2015 through 2017, the applica-  
20                   ble percentage under this paragraph for the  
21                   previous year, decreased by 20 percentage  
22                   points; and

23                           “(C) for 2018 and each year thereafter, 0  
24                   percent.

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

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

6           (A) in subsection (a)(1)(I)—

7               (i) by inserting “and before 2014”  
8 after “1974”; and

9               (ii) by inserting “and” after the semi-  
10 colon;

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

13               “(J) The applicable percentage (deter-  
14 mined under subsection (I)) of that part of re-  
15 muneratation which, after remuneratation (other  
16 than remuneratation referred to in the succeeding  
17 subsections of this section) equal to the con-  
18 tribution and benefit base (determined under  
19 section 230) with respect to employment has  
20 been paid to an individual during any calendar  
21 year after 2013 with respect to which such con-  
22 tribution and benefit base is effective, is paid to  
23 such individual during such calendar year;”;  
24 and

1 (C) by adding at the end the following new  
2 subsection:

3 “(1) For purposes of subsection (a)(1)(J), the applica-  
4 ble percentage for a calendar year shall be equal to—

5 “(1) for 2014, 80 percent;

6 “(2) for 2015 through 2017, the applicable per-  
7 centage under this subsection for the previous year,  
8 decreased by 20 percentage points; and

9 “(3) for 2018 and each year thereafter, 0 per-  
10 cent.”.

11 (3) EFFECTIVE DATE.—The amendments made  
12 by this subsection shall apply with respect to remun-  
13 eration paid in calendar years after 2013.

14 (b) DETERMINATION OF TAXABLE SELF-EMPLOY-  
15 MENT INCOME ABOVE CONTRIBUTION AND BENEFIT  
16 BASE AFTER 2013.—

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

20 (A) in subsection (b)(1), by striking “that  
21 part of the net earnings” and all that follows  
22 through “minus” and inserting the following:  
23 “an amount equal to the applicable percentage  
24 (as determined under subsection (d)(2)) of that  
25 part of the net earnings from self-employment

1 which is in excess of the difference (not to be  
 2 less than zero) between (i) an amount equal to  
 3 the contribution and benefit base (as deter-  
 4 mined under section 230 of the Social Security  
 5 Act) which is effective for the calendar year in  
 6 which such taxable year begins, and”;

7 (B) in subsection (d)—

8 (i) by striking “(d) EMPLOYEE AND  
 9 WAGES.—The term” and inserting the fol-  
 10 lowing:

11 “(d) RULES AND DEFINITIONS.—

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

13 (ii) by adding at the end the fol-  
 14 lowing:

15 “(2) APPLICABLE PERCENTAGE OF NET EARN-  
 16 INGS FROM SELF-EMPLOYMENT IN DETERMINING  
 17 TAXABLE SELF-EMPLOYMENT INCOME.—For pur-  
 18 poses of subsection (b)(1), the applicable percentage  
 19 for a taxable year beginning in any calendar year re-  
 20 ferred to in such paragraph shall be equal to—

21 “(A) for 2014, 80 percent;

22 “(B) for 2015 through 2017, the applica-  
 23 ble percentage under this paragraph for the  
 24 previous year, decreased by 20 percentage  
 25 points; and

1           “(C) for 2018 and each year thereafter, 0  
2           percent.”.

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

6           (A) in subsection (b)—

7           (i) in paragraph (1)(I)—

8           (I) by striking “or” after the  
9           semicolon; and

10           (II) by inserting “and before  
11           2014” after “1974”;

12           (ii) by redesignating paragraph (2) as  
13           paragraph (3); and

14           (iii) by inserting after paragraph (1)  
15           the following:

16           “(2) For any taxable year beginning in any cal-  
17           endar year after 2013, an amount equal to the appli-  
18           cable percentage (as determined under subsection  
19           (1)) of that part of net earnings from self-employ-  
20           ment which is in excess of the difference (not to be  
21           less than zero) between—

22           “(A) an amount equal to the contribution  
23           and benefit base (as determined under section  
24           230) that is effective for such calendar year,  
25           and

1           “(B) the amount of the wages paid to such  
2           individual during such taxable year; or”;

3           (B) by adding at the end the following:

4           “(1) For purposes of subsection (b)(2), the applicable  
5           percentage for a taxable year beginning in any calendar  
6           year referred to in such paragraph shall be equal to—

7           “(1) for 2014, 80 percent;

8           “(2) for 2015 through 2017, the applicable per-  
9           centage under this subsection for the previous year,  
10          decreased by 20 percentage points; and

11          “(3) for 2018 and each year thereafter, 0 per-  
12          cent.”.

13          (3) EFFECTIVE DATE.—The amendments made  
14          by this subsection shall apply with respect to taxable  
15          years beginning during or after calendar year 2014.

16 **SEC. 3. ADJUSTMENTS TO BEND POINTS IN DETERMINING**  
17                           **PRIMARY INSURANCE AMOUNT AND INCLU-**  
18                           **SION OF SURPLUS EARNINGS FOR BENEFIT**  
19                           **DETERMINATIONS.**

20          (a) INCLUSION OF SURPLUS AVERAGE INDEXED  
21          MONTHLY EARNINGS IN DETERMINATION OF PRIMARY  
22          INSURANCE AMOUNTS.—

23           (1) IN GENERAL.—Section 215(a)(1)(A) of the  
24          Social Security Act (42 U.S.C. 415(a)(1)(A)) is  
25          amended—

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

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

6 (C) in clause (iii), by adding “and” at the  
7 end; and

8 (D) by inserting after clause (iii) the fol-  
9 lowing new clause:

10 “(iv) 5 percent of the individual’s surplus aver-  
11 age indexed monthly earnings,”.

12 (2) BEND POINT ADJUSTMENT.—Section  
13 215(a)(1)(B) of such Act (42 U.S.C. 415(a)(1)(B))  
14 is amended—

15 (A) by redesignating clause (iii) as clause  
16 (iv); and

17 (B) by inserting after clause (ii) the fol-  
18 lowing new clause:

19 “(iii) For individuals who initially become eligi-  
20 ble for old-age or disability insurance benefits, or  
21 who die (before becoming eligible for such benefits)  
22 in any calendar year after 2018, the amount deter-  
23 mined under clause (i) of this subparagraph for pur-  
24 poses of subparagraph (A)(i) for such calendar year  
25 shall be increased by—



1 “(I) for calendar year 2019, 1 percent;

2 “(II) for each of calendar years 2020  
3 through 2032, the percent determined under  
4 this clause for the preceding year increased by  
5 1 percentage point; and

6 “(III) for calendar year 2033 and each  
7 year thereafter, 15 percent.”.

8 (b) BASIC AIME AND SURPLUS AIME.—

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

11 (A) by inserting “basic” before “average”;  
12 and

13 (B) in subparagraph (A), by striking  
14 “paragraph (3)” and inserting “paragraph  
15 (3)(A)” and by inserting before the comma the  
16 following: “to the extent such total does not ex-  
17 ceed the contribution and benefit base for the  
18 applicable year”.

19 (2) SURPLUS AIME.—

20 (A) IN GENERAL.—Section 215(b)(1) of  
21 such Act (as amended by paragraph (1)) is  
22 amended—

23 (i) by redesignating subparagraphs  
24 (A) and (B) as clauses (i) and (ii), respec-  
25 tively;

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

2 and

3 (iii) by adding at the end the fol-  
4 lowing new subparagraph:

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

8 “(I) the total (after adjustment under para-  
9 graph (3)(B)) of such individual’s surplus earnings  
10 (determined under clause (ii)) for such individual’s  
11 benefit computation years (determined under para-  
12 graph (2)), by

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

14 “(ii) For purposes of clause (i) and paragraph (3)(B),  
15 an individual’s surplus earnings for a benefit computation  
16 year are the total of such individual’s wages paid in and  
17 self-employment income credited to such benefit computa-  
18 tion year, to the extent such total (before adjustment  
19 under paragraph (3)(B)) exceeds the contribution and  
20 benefit base for such year.”.

21 (B) CONFORMING AMENDMENT.—The  
22 heading for section 215(b) of such Act is  
23 amended by striking “Average Indexed Monthly  
24 Earnings” and inserting “Basic Average In-

1 indexed Monthly Earnings; Surplus Average In-  
2 dexed Monthly Earnings”.

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

7 (A) in subparagraph (A), by striking “sub-  
8 subparagraph (B)” and inserting “subparagraph  
9 (C)” and by inserting “and determination of  
10 basic average indexed monthly income” after  
11 “paragraph (2)”;

12 (B) by redesignating subparagraph (B) as  
13 subparagraph (C); and

14 (C) by inserting after subparagraph (A)  
15 the following new subparagraph:

16 “(B) For purposes of determining under paragraph  
17 (1)(B) an individual’s surplus average indexed monthly  
18 earnings, the individual’s surplus earnings (described in  
19 paragraph (2)(B)(ii)) for a benefit computation year shall  
20 be deemed to be equal to the product of—

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

24 “(ii) the quotient described in subparagraph  
25 (A)(ii).”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply with respect to individuals who ini-  
3 tially become eligible (within the meaning of section  
4 215(a)(3)(B) of the Social Security Act) for old-age or dis-  
5 ability insurance benefits under title II of the Social Secu-  
6 rity Act, or who die (before becoming eligible for such ben-  
7 efits), in any calendar year after 2018.

8 **SEC. 4. CONSUMER PRICE INDEX FOR ELDERLY CON-**  
9 **SUMERS.**

10 (a) IN GENERAL.—The Bureau of Labor Statistics  
11 of the Department of Labor shall prepare and publish an  
12 index for each calendar month to be known as the “Con-  
13 sumer Price Index for Elderly Consumers” that indicates  
14 changes over time in expenditures for consumption which  
15 are typical for individuals in the United States who have  
16 attained early retirement age (as defined under section  
17 216(l)(2) of the Social Security Act (42 U.S.C. 416(l)(2))  
18 for purposes of an old-age, wife’s, or husband’s insurance  
19 benefit).

20 (b) EFFECTIVE DATE.—Subsection (a) shall apply  
21 with respect to calendar months ending on or after June  
22 30 of the calendar year in which this Act is enacted.

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

1 **SEC. 5. COMPUTATION OF COST-OF-LIVING INCREASES FOR**  
2 **SOCIAL SECURITY BENEFITS.**

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

5 (1) in paragraph (1)(G), by inserting before the  
6 period the following: “, and, with respect to any  
7 monthly insurance benefit payable under this title,  
8 effective for adjustments under this subsection to  
9 the primary insurance amount on which such benefit  
10 is based (or to any such benefit under section 227  
11 or 228), the applicable Consumer Price Index shall  
12 be deemed to be the Consumer Price Index for El-  
13 derly Consumers and such primary insurance  
14 amount shall be deemed adjusted under this sub-  
15 section using such Index”; and

16 (2) in paragraph (4), by striking “and by sec-  
17 tion 9001” and inserting “, by section 9001”, and  
18 by inserting after “1986,” the following: “and by  
19 section 5(a) of the Strengthening Social Security Act  
20 of 2013,”.

21 (b) CONFORMING AMENDMENTS IN APPLICABLE  
22 FORMER LAW.—Section 215(i)(1)(C) of the Social Secu-  
23 rity Act, as in effect in December 1978 and applied in  
24 certain cases under the provisions of such Act in effect  
25 after December 1978, is amended by inserting before the  
26 period the following: “, and, with respect to any monthly

1 insurance benefit payable under this title, effective for ad-  
2 justments under this subsection to the primary insurance  
3 amount on which such benefit is based (or to any such  
4 benefit under section 227 or 228), the applicable Con-  
5 sumer Price Index shall be deemed to be the Consumer  
6 Price Index for Elderly Consumers and such primary in-  
7 surance amount shall be deemed adjusted under this sub-  
8 section using such Index”.

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to determinations made by the  
11 Commissioner of Social Security under section 215(i)(2)  
12 of the Social Security Act (42 U.S.C. 415(i)(2)) with re-  
13 spect to cost-of-living computation quarters ending on or  
14 after September 30, 2014.

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