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S. 804

To adjust the normal and early retirement ages for receipt of benefits under the Social Security program, increase the maximum age for delayed retirement credit, and provide for progressive price indexing of benefits.

IN THE SENATE OF THE UNITED STATES

APRIL 13, 2011

Mr. GRAHAM (for himself, Mr. PAUL, and Mr. LEE) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To adjust the normal and early retirement ages for receipt of benefits under the Social Security program, increase the maximum age for delayed retirement credit, and provide for progressive price indexing of benefits.

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 “Social Security Sol-
5 vency and Sustainability Act”.

1 **SEC. 2. ADJUSTMENT TO NORMAL AND EARLY RETIRE-**
2 **MENT AGE.**

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

5 (1) in paragraph (1), by striking subparagraph
6 (D) and inserting the following new subparagraphs:

7 “(D) with respect to an individual who at-
8 tains early retirement age after December 31,
9 2016, and before January 1, 2021, 66 years
10 plus the number of months in the age increase
11 factor (as determined under paragraph (5)(A))
12 for the calendar year in which such individual
13 attains early retirement age;

14 “(E) with respect to an individual who—

15 “(i) attains 62 years of age after De-
16 cember 31, 2020, and before January 1,
17 2028, such individual’s early retirement
18 age (as determined under paragraph
19 (2)(A)(ii)) plus 60 months; or

20 “(ii) receives a benefit described in
21 paragraph (2)(B) and attains 60 years of
22 age after December 31, 2020, and before
23 January 1, 2028, 66 years plus the num-
24 ber of months in the age increase factor
25 (as determined under paragraph (5)(B))

1 for the calendar year in which such indi-
2 vidual attains 60 years of age;
3 “(F) with respect to an individual who—
4 “(i) attains 62 years of age after De-
5 cember 31, 2027, and before January 1,
6 2029, 69 years of age; or
7 “(ii) receives a benefit described in
8 paragraph (2)(B) and attains 60 years of
9 age after December 31, 2027, and before
10 January 1, 2029, 69 years of age;
11 “(G) with respect to an individual who—
12 “(i) attains 62 years of age after De-
13 cember 31, 2028, and before January 1,
14 2032, 66 years of age plus the number of
15 months in the age increase factor (as de-
16 termined under paragraph (5)(C)); or
17 “(ii) receives a benefit described in
18 paragraph (2)(B) and attains 60 years of
19 age after December 31, 2028, and before
20 January 1, 2032, 66 years of age plus the
21 number of months in the age increase fac-
22 tor (as determined under paragraph
23 (5)(B));
24 “(H) with respect to an individual who—

1 “(i) attains 62 years of age after De-
2 cember 31, 2031, and before January 1,
3 2033, 70 years of age; or

4 “(ii) receives a benefit described in
5 paragraph (2)(B) and attains 60 years of
6 age after December 31, 2031, and before
7 January 1, 2033, 70 years of age; and

8 “(I) with respect to an individual who—

9 “(i) attains 62 years of age after De-
10 cember 31, 2032, 70 years of age plus the
11 number of months in the age increase fac-
12 tor (as determined under paragraph (6));
13 or

14 “(ii) receives a benefit described in
15 paragraph (2)(B) and attains 60 years of
16 age after December 31, 2032, 70 years of
17 age plus the number of months in the age
18 increase factor (as determined under para-
19 graph (6)).”;

20 (2) by amending paragraph (2) to read as fol-
21 lows:

22 “(2) The term ‘early retirement age’ means—

23 “(A) in the case of an old-age, wife’s, or
24 husband’s insurance benefit—

1 “(i) 62 years of age with respect to an
2 individual who attains such age before
3 January 1, 2021;

4 “(ii) with respect to an individual who
5 attains 62 years of age after December 31,
6 2020, and before January 1, 2028, 62
7 years of age plus the number of months in
8 the age increase factor (as determined
9 under paragraph (4)) for the calendar year
10 in which such individual attains 62 years
11 of age; and

12 “(iii) with respect to an individual
13 who attains age 62 after December 31,
14 2027, 64 years of age; or

15 “(B) in the case of a widow’s or widower’s
16 insurance benefit, 60 years of age.”; and

17 (3) by striking paragraph (3) and inserting the
18 following new paragraphs:

19 “(3) With respect to an individual who attains
20 early retirement age in the 5-year period consisting
21 of the calendar years 2000 through 2004, the age
22 increase factor shall be equal to two-twelfths of the
23 number of months in the period beginning with Jan-
24 uary 2000 and ending with December of the year in
25 which the individual attains early retirement age.

1 “(4) For purposes of paragraph (2)(A)(ii), the
2 age increase factor shall be equal to three-twelfths of
3 the number of months in the period beginning with
4 January 2021 and ending with December of the
5 year in which the individual attains 62 years of age.

6 “(5) The age increase factor shall be equal to
7 three-twelfths of the number of months in the period
8 beginning with January 2017 and ending with De-
9 cember of the year in which—

10 “(A) for purposes of paragraph (1)(D), the
11 individual attains early retirement age;

12 “(B) for purposes of paragraphs (1)(E)(ii)
13 and (1)(G)(ii), the individual attains 60 years
14 of age; or

15 “(C) for purposes of paragraph (1)(G)(i),
16 the individual attains 62 years of age.

17 “(6) The Commissioner of Social Security shall
18 determine (using reasonable actuarial assumptions)
19 and publish on or before November 1 of each cal-
20 endar year after 2031 the number of months
21 (rounded, if not a multiple of one month, to the next
22 lower multiple of one month) by which life expect-
23 ancy as of October 1 of such calendar year of an in-
24 dividual attaining early retirement age on such Octo-
25 ber 1 exceeds the life expectancy as of October 1,

1 2032, of an individual attaining early retirement age
2 on October 1, 2032. With respect to an individual
3 who attains early retirement in the calendar year fol-
4 lowing any calendar year in which a determination
5 is made under this paragraph, the age increase fac-
6 tor shall be the number of months determined under
7 this paragraph as of October 1 of such calendar year
8 in which such determination is made.”.

9 **SEC. 3. INCREASE IN MAXIMUM AGE FOR DELAYED RETIRE-**
10 **MENT CREDIT.**

11 (a) IN GENERAL.—Subsection (w) of section 202 of
12 the Social Security Act (42 U.S.C. 402) is amended—

13 (1) in paragraphs (2)(A) and (3), by striking
14 “age 70” each place it appears and inserting “the
15 maximum delayed retirement age (as determined
16 pursuant to paragraph (7))”;

17 (2) by adding at the end the following new
18 paragraph:

19 “(7) For purposes of paragraphs (2)(A) and
20 (3), the ‘maximum delayed retirement age’ shall be
21 equal to—

22 “(A) during the period before January 1,
23 2017, 70 years of age for an individual who has
24 attained early retirement age (as determined

1 under section 216(l)(2)) during such period;
2 and

3 “(B) during the period after December 31,
4 2016, the sum of—

5 “(i) the retirement age for such cal-
6 endar year, as determined under section
7 216(l)(1), for an individual who has at-
8 tained age 62 (for purposes of section
9 216(l)(2)(A)) or who has attained age 60
10 (for purposes of section 216(l)(2)(B)) dur-
11 ing such calendar year; and

12 “(ii) 4 years.”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 subsection (a) shall take effect on January 1, 2017.

15 **SEC. 4. PROGRESSIVE INDEXING OF BENEFITS FOR OLD-**
16 **AGE, WIFE’S, AND HUSBAND’S INSURANCE**
17 **BENEFITS.**

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

20 (1) by striking “The” in paragraph (1)(A) and
21 inserting “In the case of any benefit other than an
22 applicable benefit to which paragraph (2) applies,
23 the”; and

24 (2) by redesignating paragraphs (2) through
25 (7) as paragraphs (3) through (8), respectively, and

1 by inserting after paragraph (1) the following new
2 paragraph:

3 “(2)(A) In the case of an applicable benefit with re-
4 spect to any individual who initially becomes eligible for
5 old-age insurance benefits or who dies (before becoming
6 eligible for such benefits) in calendar year 2018 or later,
7 the primary insurance amount of the individual shall be
8 equal to the sum of—

9 “(i) 90 percent of the individual’s average in-
10 dexed monthly earning (determined under subsection
11 (b)) to the extent that such earnings do not exceed
12 the amount established for purposes of paragraph
13 (1)(A)(i) by paragraph (1)(B);

14 “(ii) 32 percent of the individual’s average in-
15 dexed monthly earnings to the extent that such
16 earnings exceed the amount established for purposes
17 of paragraph (1)(A)(i) by paragraph (1)(B) but do
18 not exceed the amount established for purposes of
19 this clause by subparagraph (B);

20 “(iii) 32 percent (reduced as provided in sub-
21 paragraph (C)) of the individual’s average indexed
22 monthly earnings to the extent that such earnings
23 exceed the amount established for purposes of clause
24 (ii) but do not exceed the amount established for

1 purposes of paragraph (1)(A)(ii) by paragraph
2 (1)(B); and

3 “(iv) 15 percent (reduced as provided in sub-
4 paragraph (C)) of the individual’s average indexed
5 monthly earnings to the extent that such earnings
6 exceed the amount established for purposes of para-
7 graph (1)(A)(ii) by paragraph (1)(B).

8 “(B)(i) For purposes of subparagraph (A)(ii), the
9 amount established under this subparagraph for calendar
10 year 2016 shall be the level of average indexed monthly
11 earnings determined by the Chief Actuary of the Social
12 Security Administration under clause (ii) as being at the
13 40th percentile for the period of calendar years 2007
14 through 2009.

15 “(ii) For purposes of clause (i), the average indexed
16 monthly earnings for the period of calendar years 2007
17 through 2009 shall be determined by—

18 “(I) determining the average indexed monthly
19 earnings for each individual who initially became eli-
20 gible for old-age insurance benefits or who died (be-
21 fore becoming eligible for such benefits) during such
22 period, except that in determining such average in-
23 dexed monthly earnings under subsection (b), sub-
24 section (b)(3)(A)(ii)(I) shall be applied by sub-

1 stituting calendar year 2004 for the second calendar
2 year described in such subsection; and

3 “(II) multiplying the amount determined for
4 each individual under subclause (I) by the quotient
5 obtained by dividing the national average wage index
6 (as defined in section 209(k)(1)) for the calendar
7 year 2016 by such index for the calendar year 2004.

8 “(iii) For purposes of subparagraph (A)(ii), the
9 amount established under this subparagraph for any cal-
10 endar year after 2018 shall be equal to the product of
11 the amount in effect under clause (i) with respect to cal-
12 endar year 2018 and the quotient obtained by dividing—

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

17 “(II) the national average wage index (as so de-
18 fined) for 2016.

19 “(iv) The amount established under this subpara-
20 graph for any calendar year shall be rounded to the near-
21 est \$1, except that any amount so established which is
22 a multiple of \$0.50 but not of \$1 shall be rounded to the
23 next higher \$1.

24 “(C)(i) Except as provided in clause (ii), in the case
25 of any calendar year after 2017, each of the percentages

1 to which this subparagraph applies by reason of clauses
2 (iii) or (iv) of subparagraph (A) shall be a percentage
3 equal to such percentage multiplied by the quotient ob-
4 tained by dividing—

5 “(I) the difference of the maximum CPI-in-
6 dexed benefit amount for such year over the amount
7 determined under this paragraph for an individual
8 whose average indexed monthly earnings are equal
9 to the amount established for purposes of subpara-
10 graph (A)(ii) for such year, by

11 “(II) the difference of the maximum wage-in-
12 dexed benefit amount for such year over the amount
13 determined under this paragraph for an individual
14 whose average indexed monthly earnings are equal
15 to the amount established for purposes of subpara-
16 graph (A)(ii) for such year.

17 “(ii) In the case of any calendar year after 2055,
18 clause (i) shall not apply and each of the percentages to
19 which this subparagraph applies by reason of clause (iii)
20 or (iv) of subparagraph (A) shall be a percentage equal
21 to the percentage determined under this subparagraph for
22 the preceding year (determined after the application of
23 this subparagraph).

24 “(iii) For purposes of clause (i), the maximum wage-
25 indexed benefit amount for any calendar year shall be

1 equal to the amount determined under this paragraph (de-
2 termined without regard to any reduction under this sub-
3 paragraph) for an individual with wages paid in and self-
4 employment income credited to each computation base
5 year in an amount equal to the contribution and benefit
6 base for each calendar year.

7 “(iv) For purposes of clause (i), the maximum CPI-
8 indexed benefit amount for any calendar year shall be an
9 amount equal to the amount determined under clause (iii)
10 for such year multiplied by a fraction—

11 “(I) the numerator of which is the ratio (round-
12 ed to the nearest one-thousandth of 1 percent) of
13 the Consumer Price Index for the second preceding
14 year to such index for 2015; and

15 “(II) the denominator of which is the ratio
16 (rounded to the nearest one-thousandth of 1 per-
17 cent) of the national wage index (as defined in sec-
18 tion 209(k)(1)) for the second year preceding such
19 year to such index for 2015.

20 “(D) For purposes of this paragraph, rules similar
21 to the rules of subparagraphs (C) and (D) of paragraph
22 (1) shall apply.

23 “(E) For purposes of this paragraph, the term ‘appli-
24 cable benefit’ means any benefit under section 202 other
25 than—

1 “(i) a child’s insurance benefit under section
2 202(d) with respect to a child of an individual who
3 has died; and

4 “(ii) a mother’s and father’s insurance benefit
5 under section 202(g).”.

6 (b) TREATMENT OF DISABLED BENEFICIARIES.—
7 Section 215(a) of such Act (as amended by subsection (a))
8 is amended further by adding at the end the following new
9 paragraph:

10 “(9)(A) Notwithstanding the preceding provisions of
11 this subsection, in the case of an individual who has or
12 has had a period of disability and who initially becomes
13 eligible for old-age insurance benefits or who dies (before
14 becoming eligible for such benefits) in any calendar year
15 in or after 2018, the primary insurance amount of such
16 individual shall be the sum of—

17 “(i) the amount determined under subpara-
18 graph (B); and

19 “(ii) the product derived by multiplying—

20 “(I) the excess of the amount determined
21 under subparagraph (C) over the amount deter-
22 mined under subparagraph (B), by

23 “(II) the adjustment factor for such indi-
24 vidual determined under subparagraph (D).

1 “(B) The amount determined under this subpara-
2 graph is the amount of such individual’s primary insur-
3 ance amount as determined under this section without re-
4 gard to this paragraph.

5 “(C) The amount determined under this subpara-
6 graph is the amount of such individual’s primary insur-
7 ance amount as determined under this section as in effect
8 with respect to individuals becoming eligible for old-age
9 or disability insurance benefits under section 202(a) on
10 the date of the enactment of the Social Security Solvency
11 and Sustainability Act.

12 “(D) The adjustment factor determined under this
13 subparagraph for any individual is the ratio (not greater
14 than 1) of—

15 “(i) the total number of months during which
16 such individual is under a disability (as defined in
17 section 223(d)) during the period beginning on the
18 date the individual attains age 22 and ending on the
19 first day of such individual’s first month of eligibility
20 for old-age insurance benefits under section 202(a)
21 (or, if earlier, the month of such individual’s death),
22 to

23 “(ii) the number of months during the period
24 beginning on the date the individual attains age 22
25 and ending on the first day of such individual’s first

1 month of eligibility for old-age insurance benefits
2 under section 202(a) (or, if earlier, the month of
3 such individual's death).”.

4 (c) CONFORMING AMENDMENTS.—

5 (1) Subsections (e)(2)(B)(i)(I) and
6 (f)(2)(B)(i)(I) of section 202 of the Social Security
7 Act are each amended by inserting “or section
8 215(a)(2)(B)(iii)” after “section 215(a)(1)(B)(i) and
9 (ii)”.

10 (2) Section 203(a)(10) of such Act is amend-
11 ed—

12 (A) in subparagraph (A)(i), by striking
13 “215(a)(2)(B)(i)” and inserting
14 “215(a)(3)(B)(i)”;

15 (B) in subparagraph (A)(ii), by striking
16 “215(a)(2)(C)” and inserting “215(a)(3)(C)”;
17 and

18 (C) in subparagraph (B)(ii), by striking
19 “215(a)(2)” and inserting “215(a)(3)”.

20 (3) Section 209(k)(1) of such Act is amended
21 by inserting “215(a)(2)(B), 215(a)(2)(C),” after
22 “215(a)(1)(D),”.

23 (4) Section 215(a) of such Act is amended—

1 (A) in paragraph (4)(A), as redesignated
2 by paragraph (2), by striking “paragraph (4)”
3 and inserting “paragraph (5)”;

4 (B) in paragraph (4)(B), as redesignated
5 by paragraph (2), by striking “paragraph
6 (2)(A)” and inserting “paragraph (3)(A)”;

7 (C) in paragraph (5), as redesignated by
8 paragraph (2), by striking “paragraph (3)(A)”
9 and inserting “paragraph (4)(A)”;

10 (D) in paragraph (6)(A), as redesignated
11 by paragraph (2), by striking “paragraph
12 (4)(B)” and inserting “paragraph (5)(B)”;

13 (E) in paragraph (8)(B)(ii)(I), as redesignated
14 by paragraph (2), by striking “paragraph
15 (3)(B)” and inserting “paragraph (4)(B)”.

16 (5) Section 215(d)(3) of such Act is amended—

17 (A) by striking “paragraph (4)(B)(ii)” and
18 inserting “paragraph (5)(B)(ii)”;

19 (B) by striking “subsection (a)(7)(C)” and
20 inserting “subsection (a)(8)(C)”.

21 (6) Subsection 215(f) of such Act is amended—

22 (A) in paragraph (2)(B), by striking “sub-
23 section (a)(4)(B)” and inserting “subsection
24 (a)(5)(B)”;

1 (B) in paragraph (7), by striking “sub-
2 section (a)(4)(B)” and inserting “subsection
3 (a)(5)(B)”, and by striking “subsection (a)(6)”
4 and inserting “subsection (a)(7)”;
5 (C) in paragraph (9)(A)—
6 (i) by striking “subsection (a)(7)(A)”
7 and inserting “subsection (a)(8)(A)”; and
8 (ii) by striking “subsection (a)(7)(C)”
9 and inserting “subsection (a)(8)(C)”; and
10 (D) in paragraph (9)(B), by striking “sub-
11 section (a)(7)” each place it appears and insert-
12 ing “subsection (a)(8)”.

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