

115TH CONGRESS
1ST SESSION

H. R. 1937

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

APRIL 5, 2017

Mr. GARRETT 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 PROGRAM.**

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

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

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

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

23 “(A) elects to receive a specified number of
24 student loan forgiveness credits not greater
25 than 180; 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) COMBINATION WITH OTHER FORGIVENESS
7 PROGRAMS.—Unless otherwise provided by law, a
8 qualified borrower may combine forgiveness under
9 this subsection with other forgiveness programs
10 under this Act, except in no case shall the total
11 amount of forgiveness received by a borrower under
12 all such programs exceed the amount of Federal stu-
13 dent loans owed by such borrower.

14 “(4) DEFINITIONS.—In this section:

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

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

21 “(C) QUALIFIED BORROWER.—The term
22 ‘qualified borrower’ means the borrower of an
23 eligible Federal direct loan who is not entitled
24 to collect old-age insurance benefits under title
25 II of the Social Security Act as of the date of

1 the agreement under paragraph (2), including a
2 borrower who is a defaulted borrower.

3 “(D) STUDENT LOAN FORGIVENESS CRED-
4 IT.—The term ‘student loan forgiveness credit’
5 means the cancellation of the obligation of a
6 qualified borrower to repay \$550 in eligible
7 Federal Direct loans in exchange for delayed
8 eligibility for old-age insurance benefits as spec-
9 ified in title II of the Social Security Act (as
10 amended by the Student Security Act of
11 2017).”.

12 **SEC. 3. DELAYED ELIGIBILITY FOR OLD-AGE INSURANCE**
13 **BENEFITS.**

14 (a) RETIREMENT AGE; EARLY RETIREMENT AGE.—
15 Section 216(l) of the Social Security Act (42 U.S.C.
16 416(l)) is amended by adding at the end the following:

17 “(4) Notwithstanding the preceding paragraphs of
18 this subsection, in the case of an individual who receives
19 one or more student loan forgiveness credits under section
20 455(r) of the Higher Education Act of 1965—

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

23 “(i) the retirement age determined with re-
24 spect to such individual under paragraph (1);
25 plus

1 “(ii) a number of additional months equal
2 to the number of student loan forgiveness cred-
3 its received by the individual under such section
4 455(r); and

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

7 “(i) the early retirement age determined
8 with respect to such individual under paragraph
9 (2); plus

10 “(ii) a number of additional months equal
11 to the number of student loan forgiveness cred-
12 its received by the individual under such section
13 455(r).”.

14 (b) DELAYED RETIREMENT CREDITS.—Section
15 202(w) of the Social Security Act (42 U.S.C. 402(w)) is
16 amended by inserting after “age 70” each place it appears
17 the following: “(or, in the case of an individual described
18 in paragraph (4) of section 216(l), age 70 plus the number
19 of additional months determined under subparagraph
20 (A)(ii) of such paragraph)”.

21 (c) VOLUNTARY SUSPENSION OF BENEFITS.—Sec-
22 tion 202(z) of the Social Security Act (42 U.S.C. 402(z))
23 is amended by inserting after “the age of 70” the fol-
24 lowing: “(or, in the case of an individual described in para-
25 graph (4) of section 216(l), the age of 70 plus the number

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

3 **SEC. 4. INTERFUND BORROWING.**

4 Section 201(l) of the Social Security Act (42 U.S.C.
5 401(l)) is amended to read as follows:

6 “(l)(1) If at any time the Managing Trustee deter-
7 mines that borrowing authorized under this subsection is
8 necessary to pay full benefit payments from the Federal
9 Disability Insurance Trust Fund, the Managing Trustee
10 may borrow such necessary amounts from the Federal
11 Old-Age and Survivors Insurance Trust Fund for transfer
12 to and deposit in the Federal Disability Insurance Trust
13 Fund.

14 “(2) In any case where a loan has been made to the
15 Federal Disability Insurance Trust Fund under paragraph
16 (1), there shall be transferred on the last day of each
17 month after such loan is made, from the borrowing Trust
18 Fund to the lending Trust Fund, the total interest accrued
19 to such day with respect to the unrepaid balance of such
20 loan at a rate equal to the rate which the lending Trust
21 Fund would earn on the amount involved if the loan were
22 an investment under subsection (d) (even if such an in-
23 vestment would earn interest at a rate different than the
24 rate earned by investments redeemed by the lending Trust
25 Fund in order to make the loan).

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

8 “(B) The full amount of all loans made under para-
9 graph (1) shall be repaid at the earliest feasible date.

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

13 **SEC. 5. EXCLUSION FROM GROSS INCOME FOR DISCHARGE**
14 **OF STUDENT LOAN INDEBTEDNESS UNDER**
15 **THE STUDENT SECURITY LOAN FORGIVE-**
16 **NESS PROGRAM.**

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

20 “(1) IN GENERAL.—In the case of an indi-
21 vidual, gross income does not include any amount
22 which (but for this subsection) would be includible in
23 gross income by reason of the discharge (in whole or
24 in part) of any student loan if such discharge was
25 pursuant to—

1 “(A) a provision of such loan under which
2 all or part of the indebtedness of the individual
3 would be discharged if the individual worked for
4 a certain period of time in certain professions
5 for any of a broad class of employers, or

6 “(B) the receipt of student loan forgive-
7 ness credits under section 455(r) of the Higher
8 Education Act of 1965.”.

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

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