

113TH CONGRESS
2D SESSION

H. R. 5306

To protect our Social Security system and improve benefits for current and future generations.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2014

Mr. LARSON of Connecticut introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Education and the Workforce and the Budget, 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 protect our Social Security system and improve benefits for current and future generations.

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 2100
5 Act”.

1 **TITLE I—STRENGTHENING**
2 **BENEFITS**

3 **SEC. 101. ACROSS-THE-BOARD BENEFIT INCREASE.**

4 (a) IN GENERAL.—Section 215(a)(1)(A)(i) of the So-
5 cial Security Act (42 U.S.C. 415(a)(1)(A)(i)) is amended
6 by striking “90 percent” and inserting “93 percent”.

7 (b) EFFECTIVE DATE.—

8 (1) IN GENERAL.—The amendment made by
9 subsection (a) shall apply with respect to monthly
10 insurance benefits payable for any month after De-
11 cember 2014.

12 (2) RECOMPUTATION OF PRIMARY INSURANCE
13 AMOUNTS.—Notwithstanding section 215(f) of the
14 Social Security Act, the Commissioner of Social Se-
15 curity shall recompute primary insurance amounts
16 originally computed for months prior to January
17 2015 to the extent necessary to carry out the
18 amendments made by this section.

19 **SEC. 102. COMPUTATION OF COST-OF-LIVING INCREASES.**

20 (a) IN GENERAL.—Section 215(i)(1) of the Social Se-
21 curity Act (42 U.S.C. 415(i)(1)) is amended by adding
22 at the end the following new subparagraph:

23 “(H) the term ‘Consumer Price Index’ means
24 the Consumer Price Index for Elderly Consumers

1 (CPI-E, as published by the Bureau of Labor Sta-
2 tistics of the Department of Labor).”.

3 (b) APPLICATION TO PRE-1979 LAW.—

4 (1) IN GENERAL.—Section 215(i)(1) of the So-
5 cial Security Act as in effect in December 1978, and
6 as applied in certain cases under the provisions of
7 such Act as in effect after December 1978, is
8 amended by adding at the end the following new
9 subparagraph:

10 “(D) the term ‘Consumer Price Index’ means
11 the Consumer Price Index for Elderly Consumers
12 (CPI-E, as published by the Bureau of Labor Sta-
13 tistics of the Department of Labor).”.

14 (2) CONFORMING CHANGE.—Section 215(i)(4)
15 of the Social Security Act (42 U.S.C. 415(i)(4)) is
16 amended by inserting “and by section 102 of the So-
17 cial Security 2100 Act” after “1986”.

18 (c) NO EFFECT ON ADJUSTMENTS UNDER OTHER
19 LAWS.—Section 215(i) of the Social Security Act (42
20 U.S.C. 415(i)) is amended by adding at the end the fol-
21 lowing:

22 “(6) Any provision of law (other than in this title,
23 title VIII, or title XVI) which provides for adjustment of
24 an amount based on a change in benefit amounts resulting
25 from a determination made under this subsection shall be

1 applied and administered without regard to the amend-
2 ments made by section 102 of the Social Security 2100
3 Act.”.

4 (d) PUBLICATION OF CONSUMER PRICE INDEX FOR
5 ELDERLY CONSUMERS.—The Bureau of Labor Statistics
6 of the Department of Labor shall prepare and publish the
7 index authorized by section 191 of the Older Americans
8 Amendments Act of 1987 (29 U.S.C. 2 note) for each cal-
9 endar month, beginning with July of the calendar year fol-
10 lowing the calendar year in which this Act is enacted, and
11 such index shall be known as the “Consumer Price Index
12 for Elderly Consumers”.

13 (e) EFFECTIVE DATE.—The amendments made by
14 subsection (a) shall apply to determinations made with re-
15 spect to cost-of-living computation quarters (as defined in
16 section 215(i)(1)(B) of the Social Security Act (42 U.S.C.
17 415(i)(1)(B))) ending on or after September 30 of the sec-
18 ond calendar year following the calendar year in which this
19 Act is enacted.

20 **SEC. 103. INCREASE IN MINIMUM BENEFIT FOR LIFETIME**
21 **LOW EARNERS BASED ON YEARS IN THE**
22 **WORKFORCE.**

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

1 (1) by redesignating subparagraph (D) as sub-
2 paragraph (E); and

3 (2) by inserting after subparagraph (C) the fol-
4 lowing new subparagraph:

5 “(D)(i) Effective with respect to the benefits of indi-
6 viduals who become eligible for old-age insurance benefits
7 or disability insurance benefits (or die before becoming so
8 eligible) after 2014, no primary insurance amount com-
9 puted under subparagraph (A) may be less than the great-
10 er of—

11 “(I) the minimum monthly amount computed
12 under subparagraph (C); or

13 “(II) in the case of an individual who has more
14 than 10 years of work (as defined in clause (iv)(I)),
15 the alternative minimum amount determined under
16 clause (ii).

17 “(ii)(I) The alternative minimum amount determined
18 under this clause is the applicable percentage of $\frac{1}{12}$ of
19 the annual dollar amount determined under clause (iii) for
20 the year in which the amount is determined.

21 “(II) For purposes of subclause (I), the applicable
22 percentage is the percentage specified in connection with
23 the number of years of work, as set forth in the following
24 table:

“If the number of years of work is:	The applicable percentage is:
11	6.25 percent
12	12.50 percent
13	18.75 percent
14	25.00 percent
15	31.25 percent
16	37.50 percent
17	43.75 percent
18	50.00 percent
19	56.25 percent
20	62.50 percent
21	68.75 percent
22	75.00 percent
23	81.25 percent
24	87.50 percent
25	93.75 percent
26	100.00 percent
27	106.25 percent
28	112.50 percent
29	118.75 percent
30 or more	125.00 percent.

1 “(iii) The annual dollar amount determined under
2 this clause is—

3 “(I) for calendar year 2015, the poverty guide-
4 line for 2014; and

5 “(II) for any calendar year after 2015, the an-
6 nual dollar amount for 2015 multiplied by the ratio
7 of—

8 “(aa) the national average wage index (as
9 defined in section 209(k)(1)) for the second cal-
10 endar year preceding the calendar year for
11 which the determination is made, to

12 “(bb) the national average wage index (as
13 so defined) for 2013.

14 “(iv) For purposes of this subparagraph—

1 “(I) the term ‘year of work’ means, with re-
2 spect to an individual, a year to which 4 quarters of
3 coverage have been credited based on such individ-
4 ual’s wages and self-employment income; and

5 “(II) the term ‘poverty guideline for 2014’
6 means the annual poverty guideline for 2014 (as up-
7 dated annually in the Federal Register by the De-
8 partment of Health and Human Services under the
9 authority of section 673(2) of the Omnibus Budget
10 Reconciliation Act of 1981) as applicable to a single
11 individual.”.

12 (b) RECOMPUTATION.—Notwithstanding section
13 215(f)(1) of the Social Security Act, the Commissioner of
14 Social Security shall recompute primary insurance
15 amounts originally computed for months prior to Novem-
16 ber 2014 to the extent necessary to carry out the amend-
17 ments made by this section.

18 (c) CONFORMING AMENDMENT.—Section 209(k)(1)
19 of such Act (42 U.S.C. 409(k)(1)) is amended by inserting
20 “215(a)(1)(E),” after “215(a)(1)(D),”.

1 **SEC. 104. INCREASE IN THRESHOLD AMOUNTS AND RATE**
2 **FOR INCLUSION OF SOCIAL SECURITY BENE-**
3 **FITS IN INCOME.**

4 (a) IN GENERAL.—Subsection (a) of section 86 of the
5 Internal Revenue Code of 1986 is amended to read as fol-
6 lows:

7 “(a) IN GENERAL.—Gross income for the taxable
8 year of any taxpayer described in subsection (b) (notwith-
9 standing section 207 of the Social Security Act) includes
10 social security benefits in an amount equal to the lesser
11 of—

12 “(1) 85 percent of the social security benefits
13 received during the taxable year, or

14 “(2) one-half of the excess described in sub-
15 section (b)(1).”.

16 (b) BASE AMOUNT.—Subsection (c) of section 86 of
17 such Code is amended to read as follows:

18 “(c) BASE AMOUNT.—For purposes of this section,
19 the term ‘base amount’ means—

20 “(1) except as otherwise provided in this para-
21 graph, \$50,000,

22 “(2) \$100,000 in the case of a joint return, and

23 “(3) zero in the case of a taxpayer who—

24 “(A) is married as of the close of the tax-
25 able year (within the meaning of section 7703)

1 but does not file a joint return for such year,
2 and

3 “(B) does not live apart from his spouse at
4 all times during the taxable year.”.

5 (c) HOSPITAL INSURANCE TRUST FUND HELD
6 HARMLESS.—Section 121(e)(1) of the Social Security
7 Amendments of 1986 (42 U.S.C. 401 note) is amended
8 by adding at the end the following new subparagraph:

9 “(C) The amounts appropriated to the hospital
10 insurance trust fund by subparagraph (B) shall be
11 determined, and transferred from the general fund,
12 at such times and in such manner so as to replicate,
13 to the extent possible, the appropriations and trans-
14 fers which would have occurred with respect to such
15 trust fund had subsections (a) and (b) of section
16 104 of the Social Security 2100 Act not been en-
17 acted.”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2014.

1 **TITLE II—STRENGTHENING THE**
2 **TRUST FUND**

3 **SEC. 201. DETERMINATION OF WAGES AND SELF-EMPLOY-**
4 **MENT INCOME ABOVE CONTRIBUTION AND**
5 **BENEFIT BASE AFTER 2013.**

6 (a) DETERMINATION OF WAGES ABOVE CONTRIBU-
7 TION AND BENEFIT BASE AFTER 2014.—

8 (1) AMENDMENTS TO THE INTERNAL REVENUE
9 CODE.—

10 (A) IN GENERAL.—Paragraph (1) of sec-
11 tion 3121(a) of the Internal Revenue Code of
12 1986 is amended by inserting after “such cal-
13 endar year.” the following: “The preceding sen-
14 tence shall apply only to calendar years for
15 which the contribution and benefit base (as so
16 determined) is less than \$400,000, and, for
17 such calendar years, only to the extent remu-
18 neration paid to such employee by such em-
19 ployer with respect to employment does not ex-
20 ceed \$400,000.”.

21 (B) CONFORMING AMENDMENT.—Para-
22 graph (1) of section 3121(a) of the Internal
23 Revenue Code of 1986 is amended by striking
24 “Act) to” and inserting “Act), or in excess of
25 \$400,000, to”.

1 (2) AMENDMENT TO THE SOCIAL SECURITY
2 ACT.—Section 209(a)(1)(I) of the Social Security
3 Act (42 U.S.C. 409(a)(1)(I)) is amended by insert-
4 ing before the semicolon at the end the following:
5 “except that this subparagraph shall apply only to
6 calendar years for which the contribution and ben-
7 efit base (as so determined) is less than \$400,000,
8 and, for such calendar years, only to the extent re-
9 munerated paid to such employee by such employer
10 with respect to employment does not exceed
11 \$400,000”.

12 (3) EFFECTIVE DATE.—The amendments made
13 by this subsection shall apply with respect to remu-
14 neration paid in calendar years after 2014.

15 (b) DETERMINATION OF SELF-EMPLOYMENT IN-
16 COME ABOVE CONTRIBUTION AND BENEFIT BASE AFTER
17 2014.—

18 (1) AMENDMENTS TO THE INTERNAL REVENUE
19 CODE.—

20 (A) IN GENERAL.—Paragraph (1) of sec-
21 tion 1402(b) of the Internal Revenue Code of
22 1986 is amended to read as follows:

23 “(1) in the case of the tax imposed by section
24 1401(a), an amount equal to—

1 “(A) \$400,000, reduced (but not below
2 zero) by

3 “(B) the sum of—

4 “(i) the part of the net earnings from
5 self-employment (if any) which is not in
6 excess of—

7 “(I) the amount equal to the con-
8 tribution and benefit base (as deter-
9 mined under section 230 of the Social
10 Security Act) which is effective for the
11 calendar year in which such taxable
12 year begins, minus

13 “(II) the amount of the wages
14 paid to such individual during such
15 taxable year, plus

16 “(ii) the amount of the wages paid to
17 such individual during such taxable year
18 which is in excess of the amount in clause
19 (i)(I); or”.

20 (B) PHASEOUT.—Subsection (b) of section
21 1402 of the Internal Revenue Code of 1986 is
22 amended by adding at the end the following:
23 “Paragraph (1) shall apply only to taxable
24 years beginning in calendar years for which the
25 contribution and benefit base (as determined

1 under section 230 of the Social Security Act) is
2 less than \$400,000.”.

3 (2) AMENDMENTS TO THE SOCIAL SECURITY
4 ACT.—

5 (A) IN GENERAL.—Section 211(b)(1) of
6 the Social Security Act (42 U.S.C. 411(b)) is
7 amended—

8 (i) in subparagraph (I)—

9 (I) by inserting “and before
10 2014” after “1974”; and

11 (II) by striking “or” at the end;
12 and

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

15 “(J) For any taxable year beginning in any
16 calendar year after 2014, an amount equal to—

17 “(i) \$400,000, reduced (but not below
18 zero) by

19 “(ii) the sum of—

20 “(I) the part of the net earnings
21 from self-employment (if any) which is
22 not in excess of—

23 “(aa) the amount equal to
24 the contribution and benefit base
25 (as determined under section

1 230) which is effective for the
 2 calendar year in which such tax-
 3 able year begins, minus

4 “(bb) the amount of the
 5 wages paid to such individual
 6 during such taxable year, plus

7 “(II) the amount of the wages
 8 paid to such individual during such
 9 taxable year which is in excess of the
 10 amount in subclause (I)(aa); or”.

11 (B) PHASEOUT.—Section 211(b) of the
 12 Social Security Act (42 U.S.C. 411(b)) is
 13 amended by adding at the end the following:
 14 “Paragraph (1) shall apply only to taxable
 15 years beginning in calendar years for which the
 16 contribution and benefit base (as determined
 17 under section 230) is less than \$400,000.”.

18 (3) EFFECTIVE DATE.—The amendments made
 19 by this subsection shall apply to net earnings from
 20 self-employment derived, and remuneration paid, in
 21 calendar years after 2014.

22 **SEC. 202. INCLUSION OF EARNINGS OVER \$400,000 IN SO-**
 23 **CIAL SECURITY BENEFIT FORMULA.**

24 (a) INCLUSION OF EARNINGS OVER \$400,000 IN DE-
 25 TERMINATION OF PRIMARY INSURANCE AMOUNTS.—Sec-

1 tion 215(a)(1)(A) of the Social Security Act (42 U.S.C.
2 415(a)(1)(A)) is amended—

3 (1) in clause (ii), by striking “and” at the end;

4 (2) in clause (iii), by inserting “and” at the
5 end; and

6 (3) by inserting after clause (iii) the following:

7 “(iv) 2 percent of the individual’s excess aver-
8 age indexed monthly earnings (as defined in sub-
9 section (b)(5)(A)).”.

10 (b) DEFINITION OF EXCESS AVERAGE INDEXED
11 MONTHLY EARNINGS.—Section 215(b) of the Social Secu-
12 rity Act (42 U.S.C. 415(b)) is amended—

13 (1) by striking “wages” and “self-employment
14 income” each place such terms appear and inserting
15 “basic wages” and “basic self-employment income”,
16 respectively; and

17 (2) by adding at the end the following:

18 “(5)(A) An individual’s excess average indexed
19 monthly earnings shall be equal to the amount of the indi-
20 vidual’s average indexed monthly earnings that would be
21 determined under this subsection by substituting ‘excess
22 wages’ for ‘basic wages’ and ‘excess self-employment in-
23 come’ for ‘basic self-employment income’ each place such
24 terms appear in this subsection (except in this paragraph).

25 “(B) For purposes of this subsection—

1 “(i) the term ‘basic wages’ means that portion
2 of the wages of an individual paid in a year that
3 does not exceed the contribution and benefit base for
4 the year;

5 “(ii) the term ‘basic self-employment income’
6 means that portion of the self-employment income of
7 an individual credited to a year that does not exceed
8 an amount equal to the contribution and benefit
9 base for the year minus the amount of the wages
10 paid to the individual in the year;

11 “(iii) the term ‘excess wages’ means that por-
12 tion of the wages of an individual paid in a year
13 after 2013 in excess of the higher of \$400,000 or
14 the contribution and benefit base for the year; and

15 “(iv) the term ‘excess self-employment income’
16 means that portion of the self-employment income of
17 an individual credited to a year after 2014 in excess
18 of the higher of \$400,000 or such contribution and
19 benefit base.”.

20 (c) CONFORMING AMENDMENT.—Section 215(e)(1)
21 of the Social Security Act (42 U.S.C. 415(e)(1)) is amend-
22 ed by inserting “and before 2015” after “1974”.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall apply with respect to individuals who ini-
25 tially become eligible (within the meaning of section

1 215(a)(3)(B) of the Social Security Act) for old-age or dis-
 2 ability insurance benefits under title II of the Social Secu-
 3 rity Act, or who die (before becoming eligible for such ben-
 4 efits), in any calendar year after 2014.

5 **SEC. 203. INCREASE IN SOCIAL SECURITY TAX RATE.**

6 (a) **TAX ON EMPLOYEES.**—The table in subsection
 7 (a) of section 3101 of the Internal Revenue Code of 1986
 8 is amended to read as follows:

“In cases of wages received during:	The rate of tax shall be:
1990 or any calendar year before 2018	6.20 percent
2018	6.25 percent
2019	6.30 percent
2020	6.35 percent
2021	6.40 percent
2022	6.45 percent
2023	6.50 percent
2024	6.55 percent
2025	6.60 percent
2026	6.65 percent
2027	6.70 percent
2028	6.75 percent
2029	6.80 percent
2030	6.85 percent
2031	6.90 percent
2032	6.95 percent
2033	7.00 percent
2034	7.05 percent
2035	7.10 percent
2036	7.15 percent
2037 or thereafter	7.20 percent.”.

9 (b) **TAX ON EMPLOYERS.**—The table in subsection
 10 (a) of section 3111 of the Internal Revenue Code of 1986
 11 is amended to read as follows:

“In cases of wages received during:	The rate of tax shall be:
1990 or any calendar year before 2018	6.20 percent
2018	6.25 percent
2019	6.30 percent
2020	6.35 percent
2021	6.40 percent

“In cases of wages received during:	The rate of tax shall be:
2022	6.45 percent
2023	6.50 percent
2024	6.55 percent
2025	6.60 percent
2026	6.65 percent
2027	6.70 percent
2028	6.75 percent
2029	6.80 percent
2030	6.85 percent
2031	6.90 percent
2032	6.95 percent
2033	7.00 percent
2034	7.05 percent
2035	7.10 percent
2036	7.15 percent
2037 or thereafter	7.20 percent.”.

1 (c) SELF-EMPLOYMENT INCOME.—The table in sub-
2 section (a) of section 1401 of the Internal Revenue Code
3 of 1986 is amended to read as follows:

“In cases of wages received during:	The rate of tax shall be:
1990 or any calendar year before 2018	12.40 percent
2018	12.50 percent
2019	12.60 percent
2020	12.70 percent
2021	12.80 percent
2022	12.90 percent
2023	13.00 percent
2024	13.10 percent
2025	13.20 percent
2026	13.30 percent
2027	13.40 percent
2028	13.50 percent
2029	13.60 percent
2030	13.70 percent
2031	13.80 percent
2032	13.90 percent
2033	14.00 percent
2034	14.10 percent
2035	14.20 percent
2036	14.30 percent
2037 or thereafter	14.40 percent.”.

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to remuneration received, and tax-
6 able years beginning, after December 31, 2014.

1 **SEC. 204. INVESTMENT OF THE SOCIAL SECURITY TRUST**
2 **FUNDS.**

3 (a) IN GENERAL.—Section 201(d) of the Social Secu-
4 rity Act (42 U.S.C. 401(d)) is amended—

5 (1) by striking “It shall be the duty” and in-
6 serting “(1) It shall be the duty”;

7 (2) by striking “Such investments may be made
8 only” and inserting “Except as provided in para-
9 graph (2), such investments may be made only”; and

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

11 “(2)(A) The Independent Social Security Investment
12 Oversight Board shall establish, as provided in section
13 235(a)—

14 “(i) a Common Stock Old-Age Investment Fund
15 in the Federal Old-Age and Survivors Insurance
16 Trust Fund; and

17 “(ii) a Common Stock Disability Investment
18 Fund in the Federal Disability Insurance Trust
19 Fund.

20 “(B)(i) In any calendar year after 2015 in which the
21 OASDI trust fund ratio (as defined in subsection
22 (1)(3)(B)(iii)) is projected to be below 150 percent in the
23 75th year after such year, the Managing Trustee shall
24 transfer amounts from the Federal Old-Age and Survivors
25 Insurance Trust Fund or the Federal Disability Insurance
26 Trust Fund into the Common Stock Old-Age Investment

1 Fund or the Common Stock Disability Investment Fund,
2 respectively, in accordance with the policies and require-
3 ments set forth in section 714. Amounts so transferred
4 shall be the minimum amounts which would result in a
5 common stock ratio for such year that is 2.5 percentage
6 points greater than the common stock ratio for the pre-
7 vious year, except that the common stock ratio may not
8 exceed 25 percent for any year.

9 “(ii) In any calendar year after 2015 in which the
10 OASDI trust fund ratio (as defined in subsection
11 (l)(3)(B)(iii)) is projected to equal or exceed 150 percent
12 in the 75th year after such year, the Managing Trustee
13 shall take appropriate actions to reduce the common stock
14 ratio for such year by the lesser of—

15 “(I) the minimum reduction necessary to result
16 in an OASDI trust fund ratio (as so defined) for
17 such year that does not exceed 150 percent in the
18 75th year after such year; or

19 “(II) 2.5 percentage points.

20 “(iii) For purposes of this subparagraph, the term
21 ‘common stock ratio’ means, with respect to a calendar
22 year, the aggregate percentage of the total amounts at the
23 end of such calendar year within each of the Federal Old-
24 Age and Survivors Insurance Trust Fund and the Federal
25 Disability Insurance Trust Fund that is maintained in the

1 Common Stock Old-Age Investment Fund or the Common
2 Stock Disability Investment Fund, respectively.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply with respect to fiscal years be-
5 ginning on or after October 1, 2015.

6 **SEC. 205. RULES GOVERNING INVESTMENT OF TRUST**
7 **FUNDS IN COMMON STOCK.**

8 Title II of the Social Security Act (42 U.S.C. 401
9 et seq.) is amended by adding at the end the following
10 new section:

11 “INVESTMENT OF TRUST FUNDS IN COMMON STOCK

12 “SEC. 235. (a) COMMON STOCK INVESTMENT
13 FUNDS.—

14 “(1) SELECTION OF INDEX.—The Independent
15 Social Security Investment Oversight Board shall se-
16 lect, for purposes of investment of amounts held in
17 a Common Stock Investment Fund, an index which
18 is a commonly recognized index comprised of com-
19 mon stock the aggregate market value of which is a
20 reasonably complete representation of the United
21 States equity markets.

22 “(2) PORTFOLIO DESIGN.—Amounts held in a
23 Common Stock Investment Fund shall be invested in
24 a portfolio designed to replicate the performance of
25 the index selected under paragraph (1). The port-
26 folio shall be designed such that, to the extent prac-

1 ticable, the percentage of the balance in such Ac-
2 count that is invested in each stock is the same as
3 the percentage determined by dividing the aggregate
4 market value of all shares of that stock by the ag-
5 gregate market value of all shares of all stocks in-
6 cluded in such index.

7 “(b) NO VOTING RIGHTS IN SECURITIES.—The Inde-
8 pendent Social Security Investment Oversight Board and
9 the Managing Trustee of the Trust Funds may not exer-
10 cise voting rights associated with the ownership of securi-
11 ties by the Trust Funds.

12 “(c) ENGAGEMENT OF QUALIFIED PUBLIC AC-
13 COUNTANT.—

14 “(1) IN GENERAL.—The Independent Social Se-
15 curity Investment Oversight Board shall annually
16 engage, on behalf of the Trust Funds, an inde-
17 pendent qualified public accountant, who shall con-
18 duct an examination of all accounts and other books
19 and records maintained in the administration of this
20 section as the public accountant considers necessary
21 to enable the public accountant to make the deter-
22 mination required by paragraph (2). The examina-
23 tion shall be conducted in accordance with generally
24 accepted auditing standards and shall involve such

1 tests of the accounts, books, and records as the pub-
2 lic accountant considers necessary.

3 “(2) EXAMINATION AND REPORT.—The public
4 accountant conducting an examination under para-
5 graph (1) shall determine whether the accounts,
6 books, and records referred to in paragraph (1) have
7 been maintained in conformity with generally accept-
8 ed accounting principles applied on a basis con-
9 sistent with the manner in which such principles
10 were applied during the examination conducted
11 under paragraph (1) during each preceding year.
12 The public accountant shall transmit to the Board,
13 the Comptroller General of the United States, and
14 each House of the Congress a report on his exam-
15 ination, including his determination under this para-
16 graph. The Board shall make publicly available, by
17 posting on the Internet and such other means as the
18 Board may determine, each report received under
19 the preceding sentence.

20 “(3) DEFINITION.—For the purposes of this
21 subsection, the term ‘qualified public accountant’
22 shall have the same meaning as is provided in sec-
23 tion 103(a)(3)(D) of the Employee Retirement In-
24 come Security Act of 1974 (29 U.S.C.
25 1023(a)(3)(D)).

1 “(d) FIDUCIARY RESPONSIBILITIES.—

2 “(1) IN GENERAL.—Under regulations of the
3 Secretary of Labor, the provisions of sections 8477
4 and 8478 of title 5, United States Code, shall apply
5 in connection with the amounts maintained in a
6 Common Stock Investment Fund in the same man-
7 ner and to the same extent as such provisions apply
8 in connection with the Thrift Savings Fund.

9 “(2) INVESTIGATIVE AUTHORITY.—Any author-
10 ity available to the Secretary of Labor under section
11 504 of the Employee Retirement Income Security
12 Act of 1974 (29 U.S.C. 1134) is hereby made avail-
13 able to the Secretary of Labor, and any officer des-
14 ignated by the Secretary of Labor, to determine
15 whether any person has violated, or is about to vio-
16 late, any provision applicable under paragraph (1).

17 “(3) EXCULPATORY PROVISIONS; INSURANCE.—

18 “(A) IN GENERAL.—Any provision in an
19 agreement or instrument which purports to re-
20 lieve a fiduciary from responsibility or liability
21 for any responsibility, obligation, or duty under
22 this section shall be void.

23 “(B) INSURANCE.—Amounts held in the
24 Trust Funds available for administrative ex-
25 penses shall be available and may be used at

1 the discretion of the Independent Social Security
 2 Investment Oversight Board to purchase
 3 insurance to cover potential liability of persons
 4 who serve in a fiduciary capacity with respect
 5 to amounts maintained in a Common Stock Investment
 6 Fund, without regard to whether a
 7 policy of insurance permits recourse by the insurer
 8 against the fiduciary in the case of a
 9 breach of a fiduciary obligation.

10 “(e) DEFINITION OF COMMON STOCK INVESTMENT
 11 FUND.—In this section, the term ‘Common Stock Investment
 12 Fund’ means the Common Stock Old-Age Investment
 13 Fund of the Federal Old-Age and Survivors Insurance
 14 Trust Fund and the Common Stock Disability Investment
 15 Fund of the Federal Disability Insurance Trust
 16 Fund.”.

17 **SEC. 206. ESTABLISHMENT OF INDEPENDENT SOCIAL SECURITY INVESTMENT OVERSIGHT BOARD.**
 18

19 Title VII of the Social Security Act (42 U.S.C. 901
 20 et seq.) is amended by adding at the end the following:

21 “INDEPENDENT SOCIAL SECURITY INVESTMENT
 22 OVERSIGHT BOARD

23 “SEC. 714. (a) There is established in the Social Security
 24 Administration an Independent Social Security Investment Oversight Board.
 25

1 “(b) The Board shall be composed of a Chairman and
2 four additional members. The Chairman and each addi-
3 tional member shall be appointed by the President, by and
4 with the advice and consent of the Senate.

5 “(c) Members of the Board shall have substantial ex-
6 perience, training, and expertise in the management of fi-
7 nancial investments and service in a fiduciary capacity.

8 “(d)(1) A member of the Board shall be appointed
9 for a term of 10 years, except that of the members first
10 appointed—

11 “(A) the member appointed as Chairman shall
12 be appointed for a term of 10 years;

13 “(B) one member shall be appointed for a term
14 of 8 years;

15 “(C) one member shall be appointed for a term
16 of 6 years;

17 “(D) one member shall be appointed for a term
18 of 4 years; and

19 “(E) one member shall be appointed for a term
20 of 2 years, as designated by the President at the
21 time of appointment.

22 “(2)(A) A vacancy on the Board shall be filled in the
23 manner in which the original appointment was made and
24 shall be subject to any conditions which applied with re-
25 spect to the original appointment.

1 “(B) An individual chosen to fill a vacancy shall be
2 appointed for the unexpired term of the member replaced.

3 “(C) The term of any member shall not expire before
4 the date on which the member’s successor takes office.

5 “(3) An individual appointed as a member of the
6 Board may be removed from office only pursuant to a
7 finding by the President of neglect of duty or malfeasance
8 in office.

9 “(e) The member of the Board designated by the
10 President as Chairman shall serve as Chairman for a term
11 of 4 years (or until the expiration of his term as member
12 of the Board, if earlier). A member serving as Chairman
13 may be reappointed as Chairman.

14 “(f) The Board shall—

15 “(1) establish policies for the investment and
16 management of the Common Stock Old-Age Invest-
17 ment Fund and the Common Stock Disability In-
18 vestment Fund described in section 201(d)(2), in-
19 cluding policies to provide for—

20 “(A) prudent investments suitable for ac-
21 cumulating funds for payment of monthly in-
22 surance benefits under title II; and

23 “(B) low administrative costs;

24 “(2) review bids relating to, and hire managers
25 for, each such Fund;

1 “(3) annually review the performance of each
2 such Fund;

3 “(4)(A) report annually to the House of Rep-
4 resentatives and the Senate and to the President re-
5 garding the earnings on such investments; and

6 “(B) make each such report publicly available
7 by publication in the Federal Register, posting on
8 the Internet, and such other means as the Board
9 may determine; and

10 “(5) review and approve the budget of the
11 Board.

12 “(g)(1) The Board may—

13 “(A) adopt, alter, and use a seal;

14 “(B) establish policies with which the Managing
15 Trustee of the Trust Funds is required to comply
16 under section 201(d)(2); and

17 “(C) take such other actions as may be nec-
18 essary to carry out the functions of the Board.

19 “(2) The policies of the Board may not require the
20 Managing Trustee of the Trust Funds to invest or to
21 cause to be invested any sums in such Trust Funds in
22 a specific asset or to dispose of or cause to be disposed
23 of any specific asset of such Trust Funds.

24 “(h)(1) The Board shall meet—

25 “(A) not less than once during each month; and

1 “(B) at additional times at the call of the
2 Chairman.

3 “(2)(A) The Board shall perform the functions and
4 exercise the powers of the Board on a majority vote of
5 a quorum of the Board.

6 “(B) A vacancy on the Board shall not impair the
7 authority of a quorum of the Board to perform the func-
8 tions and exercise the powers of the Board.

9 “(3) Three members of the Board shall constitute a
10 quorum for the transaction of business.

11 “(4)(A) Each member of the Board who is not an
12 officer or employee of the Federal Government shall be
13 compensated at the daily rate of basic pay payable for level
14 IV of the Executive Schedule for each day during which
15 such member is engaged in performing a function of the
16 Board.

17 “(B) A member of the Board shall be paid travel,
18 per diem, and other necessary expenses under subchapter
19 I of chapter 57 of title 5, United States Code, while trav-
20 eling away from such member’s home or regular place of
21 business in the performance of the duties of the Board.

22 “(5) The accrued annual leave of any officer or em-
23 ployee of the Federal Government who is a member of the
24 Board shall not be charged for any time used in per-
25 forming services for the Board.

1 “(i) The members of the Board shall discharge their
2 responsibilities solely in the interest of the Trust Funds
3 in connection with investments of amounts in funds under
4 section 201(d)(2).

5 “(j) The Board shall prepare and submit to the Presi-
6 dent, and, at the same time, to the appropriate committees
7 of Congress, an annual budget of the expenses and other
8 items relating to the Board which shall be included as a
9 separate item in the budget required to be transmitted to
10 the Congress under section 1105 of title 31, United States
11 Code.

12 “(k) The Board may submit to the President, and,
13 at the same time, shall submit to each House of Congress,
14 any legislative recommendations of the Board relating to
15 any of its functions under this section.

16 “(l) There are hereby made available from each of
17 the Trust Funds such sums as are necessary to carry out
18 the provisions of this section and to administer the provi-
19 sions of section 235, in accordance with certifications
20 which shall be made from time to time by the Board to
21 the Secretary of the Treasury.

22 “(m) In this section, the term ‘Trust Funds’ has the
23 meaning given such term in section 201(c).”.

1 **SEC. 207. REALLOCATION OF PAYROLL TAX REVENUE**
2 **FROM THE OLD-AGE AND SURVIVORS INSUR-**
3 **ANCE TRUST FUND TO THE FEDERAL DIS-**
4 **ABILITY INSURANCE TRUST FUND.**

5 (1) **WAGES.**—Section 201(b)(1) of the Social
6 Security Act (42 U.S.C. 401(b)(1)) is amended by
7 striking “and (R) 1.80 per centum of the wages (as
8 so defined) paid after December 31, 1999, and so
9 reported” and inserting “(R) 1.80 per centum of the
10 wages (as so defined) paid after December 31, 1999,
11 and before January 1, 2015, and so reported, (S)
12 2.8 per centum of the wages (as so defined) paid
13 after December 31, 2014, and before January 1,
14 2016, and so reported, (T) 2.4 per centum of the
15 wages (as so defined) paid after December 31, 2015,
16 and before January 1, 2017, and so reported, (U)
17 2.2 per centum of the wages (as so defined) paid
18 after December 31, 2016, and before January 1,
19 2020, and so reported, (V) 2.0 per centum of the
20 wages (as so defined) paid after December 31, 2019,
21 and before January 1, 2026, and so reported, and
22 (W) 1.8 per centum of the wages (as so defined)
23 paid after December 31, 2025, and so reported”.

24 (2) **SELF-EMPLOYMENT INCOME.**—Section
25 201(b)(2) of such Act (42 U.S.C. 401(b)(2)) is
26 amended by striking “and (R) 1.80 per centum of

1 the amount of self-employment income (as so de-
2 fined) so reported for any taxable year beginning
3 after December 31, 1999” and inserting “(R) 1.80
4 per centum of the amount of self-employment in-
5 come (as so defined) so reported for any taxable
6 year beginning after December 31, 1999, and before
7 January 1, 2015, (S) 2.8 per centum of the amount
8 of self-employment income (as so defined) so re-
9 ported for any taxable year beginning after Decem-
10 ber 31, 2014, and before January 1, 2016, (T) 2.4
11 per centum of the amount of self-employment in-
12 come (as so defined) so reported for any taxable
13 year beginning after December 31, 2015, and before
14 January 1, 2017, (U) 2.2 per centum of the amount
15 of self-employment income (as so defined) so re-
16 ported for any taxable year beginning after Decem-
17 ber 31, 2016, and before January 1, 2020, (V) 2.0
18 per centum of the amount of self-employment in-
19 come (as so defined) so reported for any taxable
20 year beginning after December 31, 2019, and before
21 January 1, 2026, and (W) 1.8 per centum of the
22 amount of self-employment income (as so defined) so
23 reported for any taxable year beginning after De-
24 cember 31, 2025”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this section shall apply with respect to wages paid
3 after December 31, 2014, and self-employment in-
4 come for taxable years beginning after such date.

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