Social Security 2100: A Sacred Trust

Section-by-Section Summary

Section 1. Short title.

Section 2. Table of contents.

TITLE I – STRENGTHENING BENEFITS

Section 101. Across-the-board benefit increase. Provides an immediate benefit increase for all beneficiaries of $30 a month, representing a 2 percent benefit increase for the average retiree. Effective in 2022-2026 for all beneficiaries.

Section 102. More accurate cost-of-living adjustment. Improves the annual cost-of-living adjustment (COLA) by basing it on a consumer price index for the elderly (CPI-E), which measures the cost increases experienced specifically by seniors. The CPI-E is projected, on average, to be higher than the CPI-W by 0.2 percentage points per year. Improved inflation protection will especially help older retirees and widows who are more likely to rely on Social Security benefits as they age. Effective for COLAs in December 2022 through December 2026.

Section 103. Increasing the minimum benefit for long-term low earners. Protects long-serving, low-income workers by updating the "special minimum benefit" so that people who worked and paid into Social Security for many years, even at very low wages, can be kept out of poverty by their Social Security benefit. For instance, someone who works 30 years and retires at full retirement age would receive a benefit that is 125% of the poverty line. The new minimum benefit is tied to wage levels to ensure it does not fall behind in future years. Effective in 2022-2026 for individuals who first become eligible for benefits during those years.

Section 104. Increasing threshold amounts and rate for inclusion of Social Security benefits in income. Raises the income thresholds above which Social Security must be included in a beneficiary's income for tax purposes. Social Security benefits are taxed when beneficiaries have other income in addition to their benefits, if their income exceeds certain thresholds. These thresholds are currently $25,000 for individuals and $32,000 for couples; this provision raises the thresholds to $35,000 and $50,000, respectively. Medicare's Hospital Insurance trust fund, which receives some of the revenue from this taxation, is held harmless. Effective for taxable years 2022-2026.

Section 105. Improving benefits for widows and widowers in two-income households. Ensures that widow(er)s receive 75 percent of the combined Social Security benefits the couple was receiving prior to one spouse's death. This is because in dual-earner couples, the household's Social Security income can be significantly reduced when one member of the couple dies; for couples with similar earnings histories, the reduction can be as much as half. To target the improvements to lower-earning couples, the new benefit is capped at the benefit for a lifelong average earner. Effective in 2022-2026 for all widow(er)s receiving benefits.

Section 106. Increasing benefits for beneficiaries after 15 years of eligibility. Provides an across-the-board benefit increase for the oldest old and other long-term beneficiaries. The full amount of the increase – 5 percent of the benefit amount for a lifelong average earner – is paid starting with the 20th year after each person's benefit eligibility began. The increase phrases in during the 16th through 20th year after eligibility. Effective in 2022-2026 for all beneficiaries who have been receiving benefits for more than 15 years.

Section 107. Providing caregiver credits for Social Security. Provides an earnings credit within the Social Security benefit formula for up to 5 years for someone out of the workforce or with reduced wages while caring for a child under age 12 or a dependent relative. Because Social Security benefits are based on 35 years of earnings, people who leave the workforce or reduce their work hours to care for children or other family members often suffer a reduction in their benefits. For caregivers with no earnings during these years, the earnings credits would bring their wage record for the 5 years up to a level that is equal to half the national average wage; caregivers with some earnings would also receive credits, with amounts that phase out as they approach the average wage level. Effective in 2022-2026 for anyone receiving benefits who has prior year(s) of caregiving.

Section 108. Eliminating the 5-month waiting period for disability benefits. Eliminates the waiting period (currently 5 months, except for individuals with ALS) to receive Social Security disability benefits. Instead, individuals who qualify for these benefits on the basis of a severe disability are eligible for them beginning with the date their disability starts. Effective for individuals who first become eligible for benefits during 2022-2026.

Section 109. Establishing a gradual offset for disability beneficiaries with earnings. Replaces the current "benefit cliff" for disability benefits with a gradual offset that applies after the Trial Work Period ends. Instead of benefits ending altogether when a disabled beneficiary earns above a threshold for a sustained period of time, this provision creates a gradual offset such that benefits are reduced by $1 for every $2 of earnings above a threshold, which is set for all beneficiaries at the "substantial gainful activity" level for blind individuals (currently $2,190 a month). Effective for all earnings in 2022-2026.

Section 110. Repealing the government pension offset and windfall elimination provisions. Repeals the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP), so that affected state and local government retirees are no longer subject to these reductions in their Social Security benefits. Effective for benefits paid in 2022-2026 to those affected by WEP and GPO.

Section 111. Extending the child's benefit for post-secondary school students under age 26. Restores student benefits up through age 25 for the children of disabled, deceased, or retired workers, if they are at least half-time students in college or vocational school. Currently, child benefits end at age 18 (or 19, if a full-time high school student); prior to 1981, full time-students under age 22 were able to receive benefits. Effective in 2022-2026 for qualifying students.

Section 112. Increasing access to benefits for children who live with grandparents or other relatives. Makes dependent benefits more widely available to children living with (and dependent on) their grandparents or other relatives who are Social Security beneficiaries. Currently, such dependent benefits are restricted to very limited circumstances, and these restrictions do not reflect the realities of many family structures. Effective in 2022-2026 for qualifying children.

Section 113. Preventing an unintended drop in benefits relating to the application of the National Average Wage Index. Corrects a flaw in the benefit formula that causes an unintentional and permanent benefit reduction for some beneficiaries if the average wage index drops in any year. Instead, the average wage index as used for these benefit purposes would simply be prevented from dropping from one year to the next – consistent with protections already in place for other parameters of Social Security. Effective in 2022 and all future years.

Section 114. Holding SSI, Medicaid, and CHIP beneficiaries harmless. Ensures that any increase in benefits from the bill does not result in a reduction in Supplemental Security Income (SSI) benefits or loss of eligibility for Medicaid or CHIP.

TITLE II—STRENGTHENING THE TRUST FUND

Section 201. Determining wages and self-employment income above contribution and benefit base after 2021; *and* Section 202. Including earnings over $400,000 in Social Security benefit formula. Applies the Social Security payroll tax to earnings above $400,000. Currently, only earnings up to the tax cap ($142,800 in 2021, an amount which is adjusted for rising wage levels each year) are taxed for Social Security. The $400,000 threshold is fixed, so that over time, the tax cap will rise to meet it; thereafter, all earnings will be subject to the Social Security payroll tax, as they already are with the Medicare payroll tax. Newly-taxed earnings are counted toward benefits at a 1 percent rate. Includes a conforming change to ensure there is no effect on Average Wage Index used to adjust program parameters. Effective in 2022 and all future years.

Section 203. Establishing the Social Security Trust Fund. Combines Social Security's two separate trust funds – for retirement and survivor insurance, and disability insurance – into one unified Social Security Trust Fund, to ensure that all benefits will be paid. Effective in 2022 and all future years.

TITLE III—STRENGTHENING SERVICE DELIVERY

Section 301. Clarifying the requirement to mail social security account statements. Improves knowledge of Social Security benefits and assists in retirement planning by clarifying that the Social Security Administration must mail an annual *Social Security Statement* to all workers age 25 and older who are not receiving benefits, unless a worker chooses electronic delivery. Effective for *Statements* that must be mailed in 2022 and later.

Section 302. Preventing closure of field and hearing offices and resident or rural contact stations. Prevents the Social Security Administration from reducing the number of field offices below the level in operation at the end of fiscal year 2021, and bars any field office closure unless certain requirements are met, including advance public notice, opportunities for public input, and a robust consideration of the burdens that the closure would place on individuals served by the office. Effective in 2022 and all future years.

Section 303. Ensuring access to professional representation. Increases access to attorney and other professional representation for individuals needing legal assistance to appeal a denial of disability benefits, by increasing the cap on the allowable fees charged by the representative. The dollar amount of the cap – currently $6,000 – would instead be wage-indexed in future years from when it was originally set in 1991. (The cap that limits the total fee to 25 percent of the past-due benefit amount is unchanged.) Effective for fee agreements entered into in 2022 and later.