

105TH CONGRESS  
2D SESSION

# H. R. 3456

To provide for personal Social Security plus accounts funded by surpluses in the total budget of the United States Government and available for private investment in indexed funds.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 12, 1998

Mr. KASICH (for himself and Mr. SHAYS) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To provide for personal Social Security plus accounts funded by surpluses in the total budget of the United States Government and available for private investment in indexed funds.

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 “Personal Retirement  
5        Savings Account Act of 1998”.

6        **SEC. 2. PERSONAL SOCIAL SECURITY PLUS ACCOUNTS.**

7        (a) IN GENERAL.—Title II of the Social Security Act  
8        is amended—



1 individuals for the calendar year ending in such fiscal year  
2 and shall credit to each account the amount so allocated.

3 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this  
4 part, the term ‘eligible individual’ means, for any calendar  
5 year beginning after December 31, 1996, any individual  
6 the amount of whose wages paid and self-employment in-  
7 come derived in such year equals, in the aggregate, at least  
8 the amount such individual must have in order to be cred-  
9 ited with 4 quarters of coverage in such year.

10 “SOCIAL SECURITY PLUS FUND

11 “SEC. 252. (a) ESTABLISHMENT.—There is estab-  
12 lished in the Treasury of the United States a Social Secu-  
13 rity Plus Fund. Subject to, and to the extent consistent  
14 with, the provisions of this part, the Commissioner of So-  
15 cial Security shall exercise the same powers, duties, and  
16 responsibilities with respect to the Fund as the powers,  
17 duties and responsibilities exercised by the Executive Di-  
18 rector with respect to the Thrift Savings Fund.

19 “(b) AMOUNTS HELD BY FUND.—The Social Secu-  
20 rity Plus Fund consists of the sum of all amounts trans-  
21 ferred to the Fund under section 251, increased by the  
22 total net earnings from investments of sums held in the  
23 Fund or reduced by the total net losses from investments  
24 of sums held in the Fund, and reduced by the total  
25 amount of payments made from the Fund (including pay-  
26 ments for administrative expenses).

1 “(c) USE OF FUND.—

2 “(1) IN GENERAL.—The sums in the Social Se-  
3 curity Plus Fund are appropriated and shall remain  
4 available without fiscal year limitation—

5 “(A) to invest under section 254,

6 “(B) to make distributions under section  
7 255,

8 “(C) to pay the administrative expenses of  
9 this part, and

10 “(D) to purchase insurance as provided in  
11 section 256(b)(2).

12 “(2) EXCLUSIVE PURPOSES.—The sums in the  
13 Social Security Plus Fund shall not be appropriated  
14 for any purpose other than the purposes specified in  
15 this section and may not be used for any other pur-  
16 pose.

17 “PERSONAL SOCIAL SECURITY PLUS ACCOUNTS

18 “SEC. 253. (a) ESTABLISHMENT OF PERSONAL SO-  
19 CIAL SECURITY PLUS ACCOUNTS.—Not later than Janu-  
20 ary 1, 1999, the Commissioner of Social Security shall es-  
21 tablish in the Social Security Plus Fund a personal social  
22 security plus account for each living individual who has  
23 been assigned a social security account number under sec-  
24 tion 205(c)(2) before such date. The Commissioner shall  
25 also establish such an account for each other individual  
26 on the date, on or after January 1, 1999, of the issuance

1 to such individual of a social security account number  
2 under such section. Amounts in the Social Security Plus  
3 Fund shall be credited by the Commissioner to the account  
4 in accordance with section 251(b). Each account shall be  
5 identified to its account holder by means of the account  
6 holder's social security account number.

7       “(b) ACCOUNT BALANCE.—The balance in an indi-  
8 vidual's personal social security plus account at any time  
9 is the excess of—

10           “(1) the sum of—

11                   “(A) all deposits made into the Social Se-  
12                   curity Plus Fund and credited to the account  
13                   under section 251(b), and

14                   “(B) the total amount of allocations made  
15                   to and reductions made in the account pursuant  
16                   to subsection (c),

17       over

18           “(2) the amounts paid out of the account with  
19       respect to such individual under this part.

20       “(c) ALLOCATION OF EARNINGS AND LOSSES.—Pur-  
21       suant to regulations which shall be prescribed by the Com-  
22       missioner, the Commissioner shall allocate to each account  
23       an amount equal to the net earnings and net losses from  
24       each investment of sums in the Social Security Plus Fund  
25       which are attributable, on a pro rata basis, to sums cred-

1 ited to such account, reduced by an appropriate share of  
2 the administrative expenses paid out of the net earnings,  
3 as determined by the Commissioner.

4 “RULES GOVERNING PERSONAL SOCIAL SECURITY PLUS  
5 ACCOUNTS RELATING TO INVESTMENT, ACCOUNTING,  
6 REPORTING, AND TAXATION

7 “SEC. 254. (a) IN GENERAL.—Under regulations  
8 which shall be prescribed by the Commissioner of Social  
9 Security, and subject to the provisions of this part, the  
10 provisions of—

11 “(1) section 8438 of title 5, United States Code  
12 (relating to investment of the Thrift Savings Fund),

13 “(2) section 8439(b) of such title (relating to  
14 engagement of independent qualified public account-  
15 ant),

16 “(3) section 8439(c) of such title (relating to  
17 periodic statements and summary descriptions of in-  
18 vestment options),

19 “(4) section 8439(d) of such title (relating to  
20 assumption of risk), and

21 “(5) section 8440 of such title (relating to tax  
22 treatment of the Thrift Savings Fund), other than  
23 subsection (c) thereof,

24 shall apply with respect to the Social Security Plus Fund  
25 and accounts maintained in such Fund in the same man-  
26 ner and to the same extent as such provisions relate to

1 the Thrift Savings Fund and personal social security plus  
2 accounts maintained in such Fund.

3 “(b) RELATED RULES.—For purposes of subsection  
4 (a)—

5 “(1) the Federal Retirement Thrift Investment  
6 Board shall exercise with respect to the Social Secu-  
7 rity Plus Fund the same powers, duties, and respon-  
8 sibilities as are required to be exercised by the  
9 Board under the provisions referred to in subsection  
10 (a) with respect to the Thrift Savings Fund,

11 “(2) the Commissioner of Social Security shall  
12 exercise with respect to the Social Security Plus  
13 Fund the same powers, duties, and responsibilities  
14 as are required to be exercised by the Executive Di-  
15 rector under the provisions referred to in subsection  
16 (a) with respect to the Thrift Savings Fund, and

17 “(3) references in such sections 8438 and 8439  
18 to an employee, Member, former employee, or former  
19 Member shall be deemed references to an account  
20 holder of a social security plus account in the Social  
21 Security Plus Fund.

22 “DISTRIBUTIONS FROM PERSONAL SOCIAL SECURITY  
23 PLUS ACCOUNTS

24 “SEC. 255. (a) IN GENERAL.—Except as provided in  
25 subsections (b) and (c), the balance in a personal social  
26 security plus account—

1           “(1) shall be distributed to the account holder  
2           commencing with the date of the commencement of  
3           such account holder’s entitlement to old-age insur-  
4           ance benefits under section 202(a), and

5           “(2) shall be paid, as elected by the account  
6           holder (in such form and manner as shall be pre-  
7           scribed in regulations of the Commissioner of Social  
8           Security) in the form of—

9           “(A) equal annual installments over the  
10          life expectancy of the account holder (deter-  
11          mined as of the date of the distribution under  
12          reasonable actuarial assumptions), or

13          “(B) otherwise in the form of an imme-  
14          diate annuity (as shall be prescribed in regula-  
15          tions of the Commissioner of Social Security).

16          “(b) LUMP SUM DISTRIBUTIONS OF MINIMAL  
17          AMOUNTS.—

18                 “(1) IN GENERAL.—Notwithstanding subsection  
19                 (a), if the account holder becomes entitled to old-age  
20                 insurance benefits under section 202(a) and the bal-  
21                 ance in the account is \$3,500 or less, the Commis-  
22                 sioner of Social Security shall pay the balance to the  
23                 account holder in a single payment.

24                 “(2) COST-OF-LIVING ADJUSTMENTS.—Under  
25                 regulations of the Commissioner of Social Security,

1 effective January 1 of each calendar year after  
2 1999, the dollar amount referred to in paragraph  
3 (1) shall be adjusted annually by the same percent-  
4 age change as the percentage change then taking ef-  
5 fect under section 230.

6 “FIDUCIARY RESPONSIBILITIES

7 “SEC 256. (a) IN GENERAL.—Under regulations of  
8 the Secretary of Labor, the provisions of sections 8477  
9 and 8478 of title 5, United States Code, shall apply in  
10 connection with the Social Security Plus Fund and the  
11 personal social security plus accounts maintained in such  
12 Fund in the same manner and to the same extent as such  
13 provisions apply in connection with the Thrift Savings  
14 Fund and accounts maintained in the Thrift Savings  
15 Fund.

16 “(b) INVESTIGATIVE AUTHORITY.—Any authority  
17 available to the Secretary of Labor under section 504 of  
18 the Employee Retirement Income Security Act of 1974 is  
19 hereby made available to the Secretary of Labor, and any  
20 officer designated by the Secretary of Labor, to determine  
21 whether any person has violated, or is about to violate,  
22 any provision applicable under subsection (a).

23 “(c) EXCULPATORY PROVISIONS; INSURANCE.—

24 “(1) IN GENERAL.—Any provision in an agree-  
25 ment or instrument which purports to relieve a fidu-  
26 ciary from responsibility or liability for any respon-

1 sibility, obligation, or duty under this part shall be  
2 void.

3 “(2) INSURANCE.—Amounts in the Social Secu-  
4 rity Plus Fund available for administrative expenses  
5 shall be available and may be used at the discretion  
6 of the Commissioner of Social Security to purchase  
7 insurance to cover potential liability of persons who  
8 serve in a fiduciary capacity with respect to the  
9 Fund and personal social security plus accounts  
10 maintained therein, without regard to whether a pol-  
11 icy of insurance permits recourse by the insurer  
12 against the fiduciary in the case of a breach of a fi-  
13 duciary obligation.

14 “ASSIGNMENT, ALIENATION, AND TREATMENT OF  
15 DECEASED INDIVIDUALS

16 “SEC. 257. (a) ASSIGNMENT AND ALIENATION.—  
17 Under regulations which shall be prescribed by the Com-  
18 missioner of Social Security, rules relating to assignment  
19 and alienation applicable under chapter 84 of title 5,  
20 United States Code, with respect to amounts held in ac-  
21 counts in the Thrift Savings Fund shall apply with respect  
22 to amounts held in personal social security plus accounts  
23 in the Social Security Plus Fund.

24 “(b) TREATMENT OF ACCOUNTS OF DECEASED INDI-  
25 VIDUALS.—In the case of a deceased individual who is the  
26 account holder with respect to a personal social security

1 plus account and who died before attaining retirement age  
2 (as defined in section 216(l)), upon receipt of notification  
3 of such individual's death, the Commissioner of Social Se-  
4 curity shall close the account and shall transfer the bal-  
5 ance in such account to the personal social security plus  
6 account of such account holder's surviving spouse or, if  
7 there is no such account of a surviving spouse, to the duly  
8 appointed legal representative of the estate of the deceased  
9 account holder, or if there is no such representative, to  
10 the person or persons determined to be entitled thereto  
11 under the laws of the domicile of the deceased account  
12 holder.

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