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(Original Signature of Member)

112TH CONGRESS
1ST SESSION

H. R. _____

To provide necessary reforms for the old-age, survivors, and disability insurance program under title II of the Social Security Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. CHAFFETZ introduced the following bill; which was referred to the Committee on _____

A BILL

To provide necessary reforms for the old-age, survivors, and disability insurance program under title II of the Social Security Act, 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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Social Security Reform Act of 2011”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title and table of contents.

- Sec. 2. Extension of increase in the full retirement age after 2016 until age 69 in 2034 and increase thereafter to accommodate projected changes in life expectancy.
- Sec. 3. Use of Chained Consumer Price Index for cost-of-living increases.
- Sec. 4. Improvements in progressivity of primary insurance amount formula by inserting a new bend point approximating 50th percentile of career average earners and applying a CPI-based adjustment to percentages applicable to higher earners.
- Sec. 5. Phased-in increase in number of benefit computation years to 40 by 2019.
- Sec. 6. Change of special minimum benefit to 5 percent of poverty level times number of years of coverage over 10.
- Sec. 7. Increase of 5 percent in benefits for beneficiaries attaining age 85.
- Sec. 8. Maintenance of maximum age for entitlement to delayed retirement credit at normal retirement age plus 4 years.
- Sec. 9. Phased-in reduction of insurance benefits for high-income earners.

1 **SEC. 2. EXTENSION OF INCREASE IN THE FULL RETIRE-**
2 **MENT AGE AFTER 2016 UNTIL AGE 69 IN 2034**
3 **AND INCREASE THEREAFTER TO ACCOMMO-**
4 **DATE PROJECTED CHANGES IN LIFE EXPECT-**
5 **ANCY.**

6 Section 216(l) of the Social Security Act (42 U.S.C.
7 416(l)) is amended to read as follows:

8 “Retirement Age

9 “(l)(1) The term ‘retirement age’ means—

10 “(A) with respect to an individual who attains
11 early retirement age (as defined in paragraph (2))
12 before January 1, 2000, 65 years of age;

13 “(B) with respect to an individual who attains
14 early retirement age after December 31, 1999, and
15 before January 1, 2005, 65 years of age plus the
16 number of months in the first age increase factor
17 (as determined under paragraph (3)(A)) for the cal-

1 endar year in which such individual attains early re-
2 tirement age;

3 “(C) with respect to an individual who attains
4 early retirement age after December 31, 2004, and
5 before January 1, 2017, 66 years of age;

6 “(D) with respect to an individual who attains
7 early retirement age after December 31, 2016, and
8 before January 1, 2034, 66 years of age plus the
9 number of months in the first age increase factor
10 (as determined under paragraph (3)(A)) for the cal-
11 endar year in which such individual attains early re-
12 tirement age;

13 “(E) with respect to an individual who attains
14 early retirement age after December 31, 2033, and
15 before January 1, 2035, 69 years of age; and

16 “(F) with respect to an individual who attains
17 early retirement age after December 31, 2034, 69
18 years of age plus the number of months in the sec-
19 ond age increase factor (as determined under para-
20 graph (3)(B)) for the calendar year in which such
21 individual attains early retirement age.

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

23 “(A) 62 years of age (in the case of an old-age,
24 wife’s, or husband’s insurance benefit); and

1 “(B) 60 years of age (in the case of a widow’s
2 or widower’s insurance benefit).

3 “(3)(A) For purposes of subparagraphs (B) and (D)
4 of paragraph (1), the first age increase factor for any indi-
5 vidual who attains early retirement age in a calendar year
6 within the 5-year period consisting of the calendar years
7 2000 through 2004 or the 17-year period consisting of the
8 calendar years 2017 through 2033 shall be equal to $\frac{2}{12}$
9 of the number of months in the period beginning with Jan-
10 uary of the first calendar year in such period and ending
11 with December of the year in which the individual attains
12 early retirement age.

13 “(B) For purposes of paragraph (1)(F), the second
14 age increase factor for any individual who attains early
15 retirement age in a calendar year after 2034 shall be equal
16 to $\frac{1}{24}$ of the number of months in the period beginning
17 with January of the calendar year 2035 and ending with
18 December of the year in which the individual attains early
19 retirement age. In any case in which the second age in-
20 crease factor for any calendar year is not a whole number
21 of calendar months, such factor shall be rounded to the
22 next lower whole number of calendar months.”.

1 **SEC. 3. USE OF CHAINED CONSUMER PRICE INDEX FOR**
2 **COST-OF-LIVING INCREASES.**

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

5 (1) in paragraph (1)(G), by striking “quarter.”
6 and inserting “quarter;”; and

7 (2) by adding at the end of paragraph (1) the
8 following new subparagraph:

9 “(H) the term ‘Consumer Price Index’ means
10 the Chained Consumer Price Index for all Urban
11 Consumers (C-CPI-U), as published annually in pre-
12 liminary form by the Bureau of Labor Statistics of
13 the Department of Labor.”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply with respect to determinations
16 under section 215(i) of the Social Security Act taking ef-
17 fect for December of any calendar year after 2014.

18 **SEC. 4. IMPROVEMENTS IN PROGRESSIVITY OF PRIMARY**
19 **INSURANCE AMOUNT FORMULA BY INSERT-**
20 **ING A NEW BEND POINT APPROXIMATING**
21 **50TH PERCENTILE OF CAREER AVERAGE**
22 **EARNERS AND APPLYING A CPI-BASED AD-**
23 **JUSTMENT TO PERCENTAGES APPLICABLE**
24 **TO HIGHER EARNERS.**

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

1 (1) by striking “The” in paragraph (1)(A) and
2 inserting “Except in any case in which paragraph
3 (2) applies, the”, and

4 (2) by redesignating paragraphs (2) through
5 (7) as paragraphs (3) through (8), respectively, and
6 by inserting after paragraph (1) the following new
7 paragraph:

8 “(2)(A) In the case of an individual who initially be-
9 comes eligible for old-age insurance benefits or who dies
10 (before becoming eligible for such benefits) in calendar
11 year 2016 or later, the primary insurance amount of the
12 individual shall be equal to the sum of—

13 “(i) 90 percent of the individual’s average in-
14 dexed monthly earnings (determined under sub-
15 section (b)) to the extent that such earnings do not
16 exceed the amount established for purposes of para-
17 graph (1)(A)(i) by paragraph (1)(B);

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

24 “(iii) 32 percent (adjusted as provided in sub-
25 paragraph (C)) of the individual’s average indexed

1 monthly earnings to the extent that such earnings
2 exceed the amount established for purposes of clause
3 (ii) of this subparagraph but do not exceed the
4 amount established for purposes of paragraph
5 (1)(A)(ii) by paragraph (1)(B); and

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

11 “(B)(i) For purposes of subparagraph (A)(ii), the
12 amount established under this subparagraph shall be the
13 product of—

14 “(I) the amount established for purposes of
15 paragraph (1)(A)(i) by paragraph (1)(B); and

16 “(II) 4.09

17 “(ii) The amount established under this subpara-
18 graph for any calendar year shall be rounded to the near-
19 est multiple of \$1.00, except that any amount so estab-
20 lished which is a multiple of \$0.50 but not of \$1.00 shall
21 be rounded to the next higher multiple of \$1.00.

22 “(C)(i) Except as provided in clause (ii), in the case
23 of any calendar year after 2015, each of the percentages
24 to which this subparagraph applies by reason of clause (iii)
25 or (iv) of subparagraph (A) shall be a percentage equal

1 to such percentage multiplied by the quotient obtained by
2 dividing—

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

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

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

21 “(iii) For purposes of clause (i)(II), the maximum
22 wage-indexed benefit amount for any calendar year shall
23 be equal to the amount determined under this paragraph
24 (determined without regard to any reduction under this
25 subparagraph) for an individual who becomes eligible for

1 old-age insurance benefits or dies (before becoming eligible
2 for such benefits) in January of such calendar year and
3 who has wages paid in and self-employment income cred-
4 ited to each computation base year in an amount equal
5 to the contribution and benefit base for such computation
6 base year.

7 “(iv) For purposes of clause (i)(I), the maximum
8 CPI-indexed benefit amount for any calendar year shall
9 be an amount equal to the amount determined under
10 clause (iii) 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 Urban Wage Earners
14 and Clerical Workers (CPI-W) for the second pre-
15 ceding year to such index for 2013; and

16 “(II) the denominator of which is the ratio
17 (rounded to the nearest one-thousandth of 1 per-
18 cent) of the national wage index (as defined in sec-
19 tion 209(k)(1)) for the second year preceding such
20 year to such index for 2013.

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

24 (b) CONFORMING AMENDMENTS.—

1 (1) Subsections (e)(2)(B)(i)(I) and
2 (f)(2)(B)(i)(I) of section 202 of such Act (42 U.S.C.
3 402) are each amended by inserting “or section
4 215(a)(2)(B)” after “section 215(a)(1)(B)(i) and
5 (ii)”.

6 (2) Section 203(a)(1) of such Act (42 U.S.C.
7 403(a)) is amended—

8 (A) in subparagraph (A)(i), by striking
9 “215(a)(2)(B)(i)” and inserting
10 “215(a)(3)(B)(i)”;

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

14 (C) in subparagraph (B)(ii), by striking
15 “215(a)(2)” and inserting “215(a)(3)”.

16 (3) Section 209(k)(1) of such Act (42 U.S.C.
17 409(k)(1)) is amended by inserting “215(a)(2)(C),”
18 after “215(a)(1)(D),”.

19 (4) Section 215(a) of such Act (42 U.S.C.
20 415(a)) is amended—

21 (A) in paragraph (4)(A), as redesignated
22 by paragraph (2), by striking “paragraph (4)”
23 and inserting “paragraph (5)”;

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

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

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

10 (E) in paragraph (8)(B)(ii)(I), as redesi-
11 gnated by paragraph (2), by striking “paragraph
12 (3)(B)” and inserting “paragraph (4)(B)”.

13 (5) Section 215(d)(3) of such Act (42 U.S.C.
14 415(d)(3)) is amended—

15 (A) by striking “paragraph (4)(B)(ii)” and
16 inserting “paragraph (5)(B)(ii)”;

17 (B) by striking “subsection (a)(7)(C)” and
18 inserting “subsection (a)(8)(C)”.

19 (6) Subsection 215(f) of such Act (42 U.S.C.
20 415(f)) is amended—

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

1 (B) in paragraph (7), by striking “sub-
2 section (a)(6)” and inserting “subsection
3 (a)(7)”;

4 (C) in paragraph (9)(A)—

5 (i) by striking “subsection (a)(7)(A)”
6 and inserting “subsection (a)(8)(A)”; and

7 (ii) by striking “subsection (a)(7)(C)”
8 and inserting “subsection (a)(8)(C)”; and

9 (D) in paragraph (9)(B), by striking “sub-
10 section (a)(7)” each place it appears and insert-
11 ing “subsection (a)(8)”.

12 **SEC. 5. PHASED-IN INCREASE IN NUMBER OF BENEFIT**
13 **COMPUTATION YEARS TO 40 BY 2019.**

14 (a) PHASED-IN ELIMINATION OF DROPOUT YEARS.—
15 Section 215(b)(2) of the Social Security Act (42 U.S.C.
16 415(b)(2)) is amended—

17 (1) in subparagraph (A)(i), by striking “by 5
18 years” and inserting “to the extent provided in sub-
19 paragraph (C)”; and

20 (2) by adding at the end of paragraph (2) the
21 following new subparagraph:

22 “(C) For purposes of clause (i) of subparagraph (A),
23 the number of elapsed years shall be reduced pursuant to
24 such clause by the number of years specified in connection
25 with the calendar year in which such individual becomes

1 eligible for old-age insurance benefits, or dies (before be-
 2 coming eligible for such benefits), as set forth in the fol-
 3 lowing table:

“If such calendar year is:	The applicable number of years is:
2012 or 2013	4
2014 or 2015	3
2016 or 2017	2
2018 or 2019	1
After 2019	0.”.

4 (b) **EFFECTIVE DATE.**—The amendments made by
 5 this section shall apply with respect to individuals attain-
 6 ing age 62 or dying (before attaining such age), after De-
 7 cember 31, 2011.

8 **SEC. 6. CHANGE OF SPECIAL MINIMUM BENEFIT TO 5 PER-**
 9 **CENT OF POVERTY LEVEL TIMES NUMBER OF**
 10 **YEARS OF COVERAGE OVER 10.**

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

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

15 (2) by inserting after subparagraph (C) the fol-
 16 lowing new subparagraph:

17 “(D)(i) No primary insurance amount computed
 18 under subparagraph (A) may be less than an amount
 19 equal to the amount established under clause (iii) multi-
 20 plied by the number of the individual’s years of coverage
 21 in excess of 10, or the increased amount determined for
 22 purposes of this clause under subsection (i).

1 “(ii) For purposes of clause (i)—

2 “(I) The term ‘year of coverage’ means, in con-
3 nection with an individual, a calendar year, begin-
4 ning after the individual attained age 21 and ending
5 before the individual died or, if earlier, the date on
6 which he attained age 62, for which the individual
7 is credited with 4 quarters of coverage.

8 “(II) If, during a calendar year which would
9 not be (but for this subclause) a year of coverage,
10 an individual is living with a child (of such indi-
11 vidual or his or her spouse) substantially throughout
12 a period of 180 days for which the child is alive and
13 under the age of 6 in such year, such year shall be
14 treated as a year of coverage, except that the total
15 number of such years so treated shall not exceed 5.

16 “(iii)(I) For individuals who initially become eligible
17 for old-age or disability insurance benefits, or die before
18 becoming so eligible, in the calendar year 2012, the
19 amount established under this clause shall be \$544.50.

20 “(II) For individuals who initially become eligible for
21 such benefits, or die before becoming so eligible, in any
22 calendar year after 2012, the amount established under
23 this clause shall equal the product of the corresponding
24 amount established with respect to the calendar year 2012

1 under subclause (I) and the quotient obtained by divid-
2 ing—

3 “(aa) the national average wage index (as de-
4 fined in section 209(k)(1)) for the second calendar
5 year preceding the calendar year for which the de-
6 termination is made, by

7 “(bb) the national average wage index (as de-
8 fined in section 209(k)(1)) for the calendar year
9 2010.

10 “(iv) In the case of an individual who has a period
11 of disability or dies before attaining age 62—

12 “(I) the number 10 in clause (i) shall be
13 deemed to be the product of such number and the
14 ratio described in clause (v) (rounded, if not a whole
15 number, to the next lower whole number), and

16 “(II) the dollar amount in clause (i) shall be
17 deemed to be the product of such amount and the
18 inverse of the ratio described in clause (v) (rounded,
19 if not a multiple of \$1.00, to the next lower multiple
20 of \$1.00).

21 “(v) The ratio described in this clause is the ratio
22 of—

23 “(I) the total number of calendar years which
24 begin after the individual attains age 21 and end be-
25 fore the individual dies or, if earlier, the date on

1 which the individual attains age 62, excluding any
2 calendar year any part of which is included in a pe-
3 riod of disability, to

4 “(II) 40.”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section shall apply with respect to individuals who ini-
7 tially become eligible for old-age or disability insurance
8 benefits, or die before becoming so eligible, after 2011.

9 **SEC. 7. INCREASE OF 5 PERCENT IN BENEFITS FOR BENE-**
10 **FICIARIES ATTAINING AGE 85.**

11 (a) IN GENERAL.—Section 202 of the Social Security
12 Act (42 U.S.C. 402) is amended by adding at the end the
13 following new subsection:

14 “Increase in Benefits for Beneficiaries of Advanced Age

15 “(z)(1) The amount of the monthly insurance benefit
16 under the preceding provisions of this section of any bene-
17 ficiary for any month after November 2011 which ends
18 after the date on which such beneficiary has attained 85
19 years of age shall be the amount of such benefit (as deter-
20 mined without the application of this subsection but after
21 any applicable increase, deduction, or reduction under this
22 title) increased by 5 percent.

23 “(2) An individual who is entitled to 2 or more
24 monthly insurance benefits under this title for the same

1 month shall be entitled to an increase under this sub-
2 section with respect to only the largest of such benefits.”.

3 (b) CONFORMING AMENDMENTS.—Section 202 of
4 such Act (42 U.S.C. 402) is amended—

5 (1) in the last sentence of subsection (a), by
6 striking “subsection (q) and subsection (w)” and in-
7 serting “subsections (q), (w), and (z)”;

8 (2) in subsection (b)(2), by striking “sub-
9 sections (k)(5) and (q)” and inserting “subsections
10 (k)(5), (q), and (z)”;

11 (3) in subsection (c)(2), by striking “sub-
12 sections (k)(5) and (q)” and inserting “subsections
13 (k)(5), (q), and (z)”;

14 (4) in subsection (d)(2), by adding at the end
15 the following: “This paragraph shall apply subject to
16 subsection (z).”;

17 (5) in subsection (e)(2)(A), by striking “sub-
18 section (k)(5), subsection (q), and subparagraph (D)
19 of this paragraph” and inserting “subsection (k)(5),
20 subsection (q), subsection (z), and subparagraph (D)
21 of this paragraph”;

22 (6) in subsection (f)(2)(A), by striking “sub-
23 section (k)(5), subsection (q), and subparagraph (D)
24 of this paragraph” and inserting “subsection (k)(5),

1 subsection (q), subsection (z), and subparagraph (D)
2 of this paragraph”;

3 (7) in subsection (g)(2), by striking “Such” and
4 inserting “Except as provided in subsections (k)(5)
5 and (z), such”; and

6 (8) in subsection (h)(2)(A), by inserting “and
7 subsection (z)” after “subparagraphs (B) and (C)”.

8 **SEC. 8. MAINTENANCE OF MAXIMUM AGE FOR ENTITLE-**
9 **MENT TO DELAYED RETIREMENT CREDIT AT**
10 **NORMAL RETIREMENT AGE PLUS 4 YEARS.**

11 Section 202(w)(2)(A) of the Social Security Act (42
12 U.S.C. 402(w)(2)(A)) is amended—

13 (1) by striking “prior to the month in which
14 such individual attained age 70, and” and inserting
15 “prior to the later of—”; and

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

17 “(i) the month in which such individual at-
18 tained age 70, or

19 “(ii) the month which ends 4 years after
20 the end of the month in which such individual
21 attained retirement age (as defined in section
22 216(l)), and”.

1 **SEC. 9. PHASED-IN REDUCTION OF INSURANCE BENEFITS**
2 **FOR HIGH-INCOME EARNERS.**

3 Section 203 of the Social Security Act (42 U.S.C.
4 403) is amended by inserting at the end the following:

5 “Income-based Reduction of Benefits

6 “(m)(1) In the case of an individual whose modified
7 adjusted gross income exceeds the threshold amount (as
8 determined under paragraph (3)) for a taxable year begin-
9 ning after December 31, 2016, any monthly insurance
10 benefit (as determined after application of any other re-
11 ductions or deductions under this section) of such indi-
12 vidual under section 202 or 223 for any month in the sec-
13 ond calendar year following such taxable year shall be re-
14 duced by the applicable percentage determined under
15 paragraph (2).

16 “(2)(A) For purposes of paragraph (1), the applica-
17 ble percentage is the lesser of 50 percent or the percentage
18 equal to the quotient obtained by dividing—

19 “(i) the amount by which the individual’s modi-
20 fied adjusted gross income exceeds the threshold
21 amount (as determined under paragraph (3)), by

22 “(ii) twice the maximum reduction amount (as
23 determined under paragraph (3)).

24 “(B) In the case of a joint return, subparagraph (A)
25 shall be applied by substituting dollar amounts for the
26 threshold amount and the maximum reduction amount

1 which are twice the respective dollar amounts determined
2 under paragraph (3).

3 “(3)(A) For taxable years beginning in 2017—

4 “(i) the threshold amount shall be \$60,000; and

5 “(ii) the maximum reduction amount shall be
6 \$120,000.

7 “(B) For taxable years beginning after 2017, the
8 threshold amount and the maximum reduction amount
9 shall each equal the product of such corresponding amount
10 established with respect to the calendar year 2017 under
11 subparagraph (A) and the quotient obtained by dividing—

12 “(i) the national average wage index (as defined
13 in section 209(k)(1)) for such taxable year, by

14 “(ii) the national average wage index (as so de-
15 fined) for 2017.

16 “(4)(A) For purposes of this subsection, the term
17 ‘modified adjusted gross income’ for a taxable year means,
18 with respect to an individual, the adjusted gross income,
19 as defined in section 62 of the Internal Revenue Code of
20 1986, of such individual—

21 “(i) determined without regard to any monthly
22 insurance benefits received under this title and with-
23 out regard to sections 135, 911, 931, and 933 of
24 such Code; and

1 “(ii) increased by the amount of interest re-
2 ceived or accrued during the taxable year which is
3 exempt from tax under such Code.

4 In the case of an individual filing a joint return, any ref-
5 erence in this subsection to the modified adjusted gross
6 income of such individual shall be to such return’s modi-
7 fied adjusted gross income.

8 “(B) If, as of October 15 before a calendar year, the
9 Secretary of the Treasury does not have adequate data
10 for an individual in appropriate electronic form for the
11 taxable year referred to in paragraph (1), the taxable year
12 applied for purposes of such paragraph shall be the pre-
13 vious taxable year. Except as provided in regulations pre-
14 scribed by the Commissioner of Social Security in con-
15 sultation with the Secretary, the preceding sentence shall
16 cease to apply when adequate data in appropriate elec-
17 tronic form are available for the individual for the taxable
18 year referred to in paragraph (1), and proper adjustments
19 shall be made to the extent that any reduction in insur-
20 ance benefits determined under the preceding sentence
21 was inconsistent with the reduction determined using such
22 taxable year.

23 “(C) If, as of October 15 before a calendar year, the
24 Secretary of the Treasury does not have adequate data
25 for an individual in appropriate electronic form for either

1 taxable year referred to in paragraph (1) or subparagraph
2 (B), no reduction shall be made under this subsection for
3 any month in such calendar year. Except as provided in
4 regulations prescribed by the Commissioner of Social Se-
5 curity in consultation with the Secretary, the preceding
6 sentence shall cease to apply when adequate data in appro-
7 priate electronic form are available for the individual for
8 either such taxable year, and proper adjustments shall be
9 made to the extent that the individual's modified adjusted
10 gross income for such taxable year exceeds the threshold
11 amount determined under paragraph (3).

12 “(D)(i) The Commissioner of Social Security, in con-
13 sultation with the Secretary of the Treasury, shall estab-
14 lish a procedure under which an individual's modified ad-
15 justed gross income shall, at the request of such indi-
16 vidual, be determined under this subsection—

17 “(I) for a more recent taxable year than the
18 taxable year otherwise used under paragraph (1) or
19 subparagraph (B); or

20 “(II) by such methodology as the Commis-
21 sioner, in consultation with such Secretary, deter-
22 mines to be appropriate, which may include a meth-
23 odology for aggregating or disaggregating informa-
24 tion from tax returns in the case of marriage or di-
25 vorce.

1 “(ii) A request under clause (i)(I) to use a more re-
2 cent taxable year may be granted only if—

3 “(I) the individual furnishes to such Commis-
4 sioner with respect to such year such documentation,
5 such as a copy of a filed Federal income tax return
6 or an equivalent document, as the Commissioner
7 specifies for purposes of determining any reduction
8 of insurance benefits under this subsection; and

9 “(II) the individual’s modified adjusted gross
10 income for such year is significantly less than such
11 income for the taxable year determined under para-
12 graph (1) or subparagraph (B) by reason of the
13 death of such individual’s spouse, the marriage or
14 divorce of such individual, or other major life chang-
15 ing events specified in regulations prescribed by the
16 Commissioner in consultation with the Secretary.

17 “(5) For purposes of this subsection, the term ‘joint
18 return’ has the meaning given such term by section
19 7701(a)(38) of the Internal Revenue Code of 1986.”.