

RAHALL

Weekly Report

"NEW SOCIAL SECURITY BILL"

BY CONGRESSMAN NICK RAHALL

ON APRIL 20, PRESIDENT REAGAN SIGNED INTO LAW THE BILL DESIGNED TO SHORE UP THE SOCIAL SECURITY SYSTEM. BELOW ARE SOME OF THE PROVISIONS OF THE NEW LAW.

- Brings those who go to work for the federal government after next Jan. 1 under the Social Security system. Current and future members of Congress, the president, vice president, federal judges and top political appointees will also be included.
- Brings all employees of private, tax-exempt, non-profit organizations under the system, beginning next Jan. 1.
- Prohibits state and local governments from terminating Social Security coverage for their employees. Previously, they could drop out of the program if they gave the Social Security Administration two years' notice.
- Delays the July 1983 cost-of-living adjustment for Social Security and Supplemental Security Income recipients until January, 1984, and switches the annual adjustment to January. The adjustment will be provided next January, even if the increase in the Consumer Price Index is less than 3 percent. Under the old law, there was no adjustment when the increase was that low.
- Adjusts the cost-of-living adjustment when reserves in the Old Age and Survivors Insurance and Disability Insurance trust funds are less than 15 percent of what will be needed for the year, for 1985 through 1988. In that case, the adjustment will be based on the lower of the increase in the Consumer Price Index or the increase in average wages.
- Gradually increases the retirement age from 65 to 67 by the year 2027. The age would be raised to 66 over a six-year period ending in 2009; it would then be raised to 67 over six years ending in 2027.
- Increases employer and employee payroll taxes from 6.7 percent of wages to 7 percent in 1984, 7.15 percent in 1988 and 7.51 percent in 1989. A .3 percentage point tax credit will be allowed against the 1984 increase for employees only.
- Increases payroll taxes for self-employed individuals by 33 percent to equal the combined tax now paid by employers and employees. To offset the impact of the tax, these workers would be given an income tax credit.
- Changes the way the government pays hospitals under the Medicare program by establishing fixed fees in advance for various types of services.
- Continues the program of extended unemployment benefits for another six months, to Sept. 30.
- Adds two public members to the Social Security board of trustees, now composed of the secretaries of the Treasury, Labor and Health and Human Services.
- Removes the Social Security system from the "unified" federal budget, beginning in fiscal 1992.
- Relaxes the penalty on retirees with outside earnings. Under the new law, benefits would be reduced \$1 for each \$3 earned over \$6,600, beginning in 1990. Under existing law, benefits are reduced \$1 for every \$2 over that amount.
- Further reduces benefits received by persons who retire early.
- Gradually increases the amount of money paid to workers who do not retire until after they reach 65, beginning in 1990, but cuts off this so-called delayed retirement credit once they reach 70.
- If an individual's adjusted gross income exceeds \$25,000, taxes the lesser of one-half of the Social Security benefits he receives or one-half of the amount over \$25,000. For married couples, the base is \$32,000.
- Provides for the continuation of Social Security benefits to divorced spouses, disabled divorced spouses and disabled widows and widowers if they remarry after filing for benefits. Under the old law, benefits were terminated in most cases.
- Permits U.S. employers to provide Social Security coverage for American citizens working abroad for the foreign affiliate of an American employer. The company must have at least 10 percent interest in the foreign company. Under the old law, coverage was available only if both the American employer and the foreign affiliate were corporations.
- Reduces the so-called "windfall benefit" some retirees received when they worked for only a short period of time under the Social Security system.
- Instructs HHS to establish a program under which the states can receive official death certificate information from the federal government to prevent benefit payments to the deceased.
- Requires Congress to establish a study team to determine if the Social Security Administration should be an independent agency.
- Requires the government to issue Social Security identification cards made of banknote paper to guard against counterfeiting.
- Provides that aged, blind and disabled residents of public emergency shelters for the homeless may be eligible for Supplemental Security Income benefits for as many as three months in a year. Currently, most residents are not eligible.
- Instructs HHS to formally notify elderly Social Security recipients that they may be eligible for benefits under the Supplemental Security Income program.