

104TH CONGRESS
1ST SESSION

S. 822

To provide for limitations on certain retirement cost-of-living adjustments,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 18 (legislative day, MAY 15), 1995

Mr. KERREY (for himself and Mr. SIMPSON) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To provide for limitations on certain retirement cost-of-living
adjustments, 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. LIMITATION IN COST-OF-LIVING ADJUSTMENTS**

4 **FOR CERTAIN RETIREMENT SYSTEMS.**

5 (a) SOCIAL SECURITY.—

6 (1) REDUCTION IN INCREASES APPLIED TO
7 HIGHER PRIMARY INSURANCE AMOUNTS.—Section
8 215(i)(2)(A) of the Social Security Act (42 U.S.C.
9 415(i)(2)(A)) is amended—

1 (A) by redesignating clause (iii) as clause
2 (vii); and

3 (B) in clause (ii), by striking “The in-
4 crease shall” in the matter following subclause
5 (III) and all that follows through “Any in-
6 crease” and inserting the following:

7 “(iii) With respect to the amounts described in
8 subclauses (I) and (III) of clause (ii), the increase shall
9 be derived by multiplying each of such amounts (including
10 each of those amounts as previously increased under this
11 subparagraph) by the applicable increase percentage.

12 “(iv) With respect to primary insurance amounts de-
13 scribed in subclause (II) of clause (ii), the increase shall
14 be derived by—

15 “(I) multiplying each of such amounts (includ-
16 ing each such amount as previously increased under
17 this subparagraph) by the applicable increase per-
18 centage,

19 “(II) determining among all such amounts as
20 increased under subclause (I) the primary insurance
21 amount which is at the 30th percentile of such
22 amounts, and

23 “(III) reducing each primary insurance amount
24 as increased under subclause (I) to the sum of such
25 amount determined as if there had been no reduc-

1 tion in such amount under this subclause in any pre-
 2 ceding year and the amount of the increase under
 3 subclause (I) in the primary insurance amount de-
 4 scribed in subclause (II).

5 “(v) Any amount increased under clause (iii) or
 6 clause (iv) which is not a multiple of \$0.10 shall be de-
 7 creased to the next lower multiple of \$0.10.

8 “(vi) Any increase”.

9 (2) CONFORMING AMENDMENT.—The last sen-
 10 tence of section 215(a)(4) of such Act (42 U.S.C.
 11 415(a)(4)) is amended, in subclause (I), by striking
 12 “clause (iii) of subsection (i)(2)(A)” and inserting
 13 “clause (vii) of subsection (i)(2)(A)”.

14 (3) CONFORMING AMENDMENTS TO MAINTAIN
 15 CURRENT LEVELS OF COST-OF-LIVING ADJUSTMENT
 16 UNDER OTHER PROGRAMS.—

17 (A) SUPPLEMENTAL SECURITY INCOME
 18 FOR THE AGED, BLIND, AND DISABLED.—Sec-
 19 tion 1617(a)(2) of the Social Security Act (42
 20 U.S.C. 1382f(a)(2)) is amended by striking “by
 21 the same percentage” and all that follows
 22 through “percentage,” and inserting the follow-
 23 ing: “by the applicable increase percentage
 24 (within the meaning of section 215(i)(1)(C))
 25 used in determining the amount by which bene-

1 fit amounts under title II are increased for such
2 month”.

3 (B) SUPPLEMENTARY MEDICAL INSUR-
4 ANCE.—Section 1839(a)(3)(B) of such Act (42
5 U.S.C. 1395r(a)(3)(B)) is amended by striking
6 “by a percentage” and all that follows through
7 “November 1” and inserting the following: “by
8 the applicable increase percentage (within the
9 meaning of section 215(i)(1)(C)) used in deter-
10 mining the amount by which benefit amounts
11 under title II are increased for the month of
12 December preceding the year of the promulga-
13 tion”.

14 (C) CERTAIN VETERAN’S BENEFITS.—Sec-
15 tion 3112 of title 38, United States Code, is
16 amended—

17 (i) in subsection (a), by striking “by
18 the same percentage by which such benefit
19 amounts are increased” and inserting “by
20 the applicable increase percentage (within
21 the meaning of section 215(i)(1)(C) of
22 such Act) used in determining the amount
23 by which such benefit amounts are in-
24 creased”; and

(ii) in subsection (b)(1), by striking “by the same percentage as the percentage by which such benefit amounts are increased” and inserting “by the applicable increase percentage (within the meaning of section 215(i)(1)(C) of such Act) used in determining the amount by which such benefit amounts are increased”.

(D) COST-OF-LIVING ADJUSTMENTS TO LIMITATIONS ON BENEFITS AND CONTRIBUTIONS UNDER QUALIFIED PLANS.—Subsection (d) of section 415 of the Internal Revenue Code of 1986 (relating to cost-of-living adjustments) is amended by striking “section 215(i)(2)(A)” and inserting “section 215(i)(2)(A)(iii)”.

(4) AMENDMENT TO PRIOR APPLICABLE LAW.—Section 215(i)(4) of the Social Security Act (42 U.S.C. 415(i)(4)) is amended by adding at the end the following new sentence: “The Secretary shall provide by regulation for the continued application of this subsection as in effect in December 1978 as provided by the preceding provisions of this paragraph and the amendments referred to therein. Such regulations shall provide for the application of the amendments to the preceding provisions of this sub-

1 section made by section 2 of the COLA Limitation
2 Act of 1995 so as to have the same effect on the
3 corresponding provisions of this subsection as in ef-
4 fect in December 1978 and applicable in accordance
5 with this paragraph.”.

6 (b) CIVIL SERVICE RETIREMENT SYSTEM.—Section
7 8340 of title 5, United States Code, is amended by adding
8 at the end the following new subsection:

9 “(h)(1) An annuity shall not be increased by reason
10 of any adjustment under this section by an amount which
11 exceeds the lesser of—

12 “(A) the amount that would apply if not for the
13 provisions of this subsection; or

14 “(B) the amount determined under paragraph
15 (2)(B).

16 “(2) With respect to the amount described under
17 paragraph (1)(B), the increase under this section shall be
18 derived by—

19 “(A) multiplying the amount of each annuity to
20 which this section applies by the applicable percent-
21 age increase under subsection (b); and

22 “(B) determining among all such amounts as
23 increased under subparagraph (A) the annuity in-
24 crease amount which is at the 30th percentile of all
25 such amounts.

1 “(3) Any amount determined under paragraph (2)(B)
2 which is not a multiple of \$0.10 shall be decreased to the
3 next lower multiple of \$0.10.”.

4 (c) FEDERAL EMPLOYEES RETIREMENT SYSTEM.—
5 Section 8462 of title 5, United States Code, is amended
6 by adding at the end the following new subsection:

7 “(f)(1) An annuity shall not be increased by reason
8 of any adjustment under this section by an amount which
9 exceeds the lesser of—

10 “(A) the amount that would apply if not for the
11 provisions of this subsection; or

12 “(B) the amount determined under paragraph
13 (2)(B).

14 “(2) With respect to the amount described under
15 paragraph (1)(B), the increase under this section shall be
16 derived by—

17 “(A) multiplying the amount of each annuity to
18 which this section applies by the applicable percent-
19 age increase under subsection (b); and

20 “(B) determining among all such amounts as
21 increased under subparagraph (A) the annuity in-
22 crease amount which is at the 30th percentile of all
23 such amounts.

1 “(3) Any amount determined under paragraph (2)(B)
 2 which is not a multiple of \$0.10 shall be decreased to the
 3 next lower multiple of \$0.10.”.

4 (d) RETIRED AND FORMER MEMBERS OF THE
 5 ARMED FORCES.—

6 (1) IN GENERAL.—Section 1401a(b) of title 10,
 7 United States Code, is amended—

8 (A) in paragraph (1), by striking “para-
 9 graphs (2) and (3)” and inserting “paragraphs
 10 (2), (3), and (5)”;

11 (B) by redesignating paragraph (5) as
 12 paragraph (6); and

13 (C) by inserting after paragraph (4) the
 14 following new paragraph:

15 “(5) OVERALL LIMITATION.—

16 “(A) IN GENERAL.—With respect to the
 17 retired pay of a member or former member who
 18 is entitled to an adjustment under paragraph
 19 (2) or (3), the retired pay shall not be increased
 20 by reason of any adjustment under such para-
 21 graph by an amount which exceeds the lesser
 22 of—

23 “(i) the amount that would apply if
 24 not for the provisions of this paragraph; or

1 “(ii) the amount determined under
2 subparagraph (B)(ii).

3 “(B) AMOUNT FOR CERTAIN PERCENT-
4 ILE.—With respect to the amount described
5 under subparagraph (A)(ii), the increase under
6 paragraph (2) or (3) shall be derived by—

7 “(i) multiplying the amount of each
8 retired pay amount to which such para-
9 graph applies by the applicable percentage
10 increase under such paragraph; and

11 “(ii) determining among all such
12 amounts as increased under clause (i) the
13 retired pay increase amount which is at
14 the 30th percentile of all such amounts.”.

15 (2) CONFORMING AMENDMENTS.—

16 (A) Section 1410(1) of such title is amend-
17 ed by striking “section);” and inserting “sec-
18 tion), subject to paragraph (5) of that section;”.

19 (B) Section 1434(e) of such title is amend-
20 ed by striking “increase.” and inserting “in-
21 crease, subject to the limitation described in
22 section 1401a(b)(5) as applied to annuity
23 amounts under this subsection.”.

24 (C) Section 1451(g)(1) of such title is
25 amended by striking “pay).” and inserting

1 “pay), subject to the limitation described in sec-
2 tion 1401a(b)(5) as applied to annuity amounts
3 under this subsection.”.

4 (D) Section 1451(h)(1) of such title is
5 amended by striking “increased.” and inserting
6 “increased, subject to the limitation described
7 in section 1401a(b)(5) as applied to base
8 amounts under this subsection.”.

9 (E) Section 1457(d)(1) of such title is
10 amended by striking “Plan.” and inserting
11 “Plan, subject to the limitation described in
12 section 1401a(b)(5) as applied to annuity
13 amounts under this subsection.”.

14 (e) EFFECTIVE DATE.—The amendments made by
15 this section shall apply with respect to adjustments effec-
16 tive with months after the date of the enactment of this
17 Act.

