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119TH CONGRESS
1ST SESSION

H. R. 1221

To amend titles II and XVIII of the Social Security Act to establish a Social Security Surplus Protection Account in the Federal Old-Age and Survivors Insurance Trust Fund to hold the Social Security surplus and a Medicare Surplus Protection Account in the Federal Hospital Insurance Trust Fund to hold the Medicare surplus, to provide for suspension of investment of amounts held in such Accounts until enactment of legislation providing for investment of the Trust Funds in investment vehicles other than obligations of the United States, and to establish a Social Security and Medicare Part A Investment Commission to make recommendations for alternative forms of investment of the Social Security and Medicare surpluses.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 11, 2025

Mr. WALBERG introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend titles II and XVIII of the Social Security Act to establish a Social Security Surplus Protection Account in the Federal Old-Age and Survivors Insurance Trust Fund to hold the Social Security surplus and a Medicare Surplus Protection Account in the Federal Hospital Insurance Trust Fund to hold the Medicare surplus, to provide for suspension of investment of amounts held in such Accounts until enactment of legislation providing for investment of the Trust Funds in investment vehicles other than obligations of the United States, and to establish a Social Security and Medicare Part A Investment Commission to make recommendations for alternative forms of investment of the Social Security and Medicare surpluses.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Social Security and Medicare Lock-Box Act''.

SEC. 2. INTERIM PROTECTIONS FOR SOCIAL SECURITY TRUST FUND SURPLUS.

Section 201(d) of the Social Security Act (42 U.S.C. 402(d)) is amended—

(1) by striking ''It shall be the duty'' and inserting ''(1) Except as provided in paragraph (2), it shall be the duty'';

(2) by striking ''(1) on original issue at the issue price, or (2)'' and inserting ''(A) on original issue at the issue price, or (B)''; and

(3) by adding at the end the following new paragraph:

''(2)(A) There is established in the Federal Old-Age and Survivors Insurance Trust Fund a Social Security Surplus Protection Account. As soon as practicable after the end of each fiscal year after fiscal year 2025, the Managing Trustee shall transfer to the Account, from amounts otherwise available in the Trust Fund, amounts equivalent to the social security surplus for such fiscal year. Such amounts shall be transferred from time to time to the Account, such amounts to be determined on the basis of estimates by the Managing Trustee, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the correct amount.

''(B) For purposes of subparagraph (A), the term 'social security surplus' means, for any fiscal year, the excess, if any, of—

''(i) the sum of—

''(I) the taxes imposed for such fiscal year by chapter 21 (other than sections 3101(b) and 3111(b)) of the Internal Revenue Code of 1986 with respect to wages (as defined in section 3121 of such Code) reported to the Secretary of the Treasury or his delegates pursuant to subtitle F of such Code, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such chapter 21 (other than sections 3101(b) and 3111(b)) to such wages, less the amounts specified in clause (1) of subsection (b) of this section for such fiscal year;

“(II) the taxes imposed by chapter 2 (other than section 1401(b)) of the Internal Revenue Code of 1986 with respect to self-employment income (as defined in section 1402 of such Code) reported to the Secretary of the Treasury on tax returns under subtitle F of such Code, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such chapter (other than section 1401(b)) to such self-employment income, less the amounts specified in clause (2) of subsection (b) of this section for such fiscal year; and

“(III) the amount equivalent to the aggregate increase in tax liabilities under chapter 1 of the Internal Revenue Code of 1986 which is attributable to the application of sections 86 and 871(a)(3) of such Code to payments from the Trust Fund; over

“(ii) the sum of—

“(I) benefits paid from the Trust Fund during the fiscal year; and

“(II) amounts authorized to be made available from the Trust Fund under subsection (g) of this section which are paid from the Trust Fund during such fiscal year.

"(C) Notwithstanding paragraph (1), the balance in the Account shall not be available for investment by the Managing Trustee.

"(D)(i) The preceding provisions of this paragraph shall not apply with respect to fiscal years commencing with or after the first fiscal year, after fiscal year 2025, for which a provision of Federal law takes effect and authorizes, for amounts in the Trust Fund, an investment vehicle other than obligations of the United States.

"(ii) A provision of Federal law shall be deemed to meet the requirements of clause (i) if such provision includes the following: 'This Act shall be considered to be a provision of Federal law meeting the requirements of section 201(d)(2)(D)(i) of the Social Security Act.'.".

SEC. 3. INTERIM PROTECTIONS FOR MEDICARE PART A TRUST FUND SURPLUS.

(a) IN GENERAL.—Section 1817(c) of the Social Security Act (42 U.S.C. 1395i(c)) is amended—

(1) by striking "It shall be the duty" and inserting "(1) Except as provided in paragraph (2), it shall be the duty";

(2) by striking “(1) on original issue at the issue price, or (2)” and inserting “(A) on original issue at the issue price, or (B)”; and

(3) by adding at the end the following new paragraph:

“(2)(A) There is established in the Federal Hospital Insurance Trust Fund a Medicare Surplus Protection Account (in this paragraph referred to as the ‘Account’). As soon as practicable after the end of each fiscal year after fiscal year 2025, the Managing Trustee shall transfer to the Account, from amounts otherwise available in the Trust Fund, amounts equivalent to the Medicare part A surplus for such fiscal year. Such amounts shall be transferred from time to time to the Account, such amounts to be determined on the basis of estimates by the Managing Trustee, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the correct amount.

“(B) For purposes of subparagraph (A), the term ‘Medicare part A surplus’ means, for any fiscal year, the excess, if any, of—

“(i) the sum of—

“(I) the taxes imposed for such fiscal year by sections 3101(b) and 3111(b) of the Internal

Revenue Code of 1986 with respect to wages (as defined in section 3121 of such Code) reported to the Secretary of the Treasury or his delegates pursuant to subtitle F of such Code, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such sections to such wages; and

''(II) the taxes imposed by section 1401(b) of the Internal Revenue Code of 1986 with respect to self-employment income (as defined in section 1402 of such Code) reported to the Secretary of the Treasury on tax returns under subtitle F of such Code, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such section 1401(b) to such self-employment income; over

''(ii) the sum of—

''(I) benefits paid from the Trust Fund during the fiscal year; and

''(II) amounts authorized to be made available from the Trust Fund under subsection (f) of this section (or section 201(g)) which are paid from the Trust Fund during such fiscal year.

"(C) Notwithstanding paragraph (1), the balance in the Account shall not be available for investment by the Managing Trustee.

"(D)(i) The preceding provisions of this paragraph shall not apply with respect to fiscal years commencing with or after the first fiscal year, after fiscal year 2025, for which a provision of Federal law takes effect and authorizes, for amounts in the Trust Fund, an investment vehicle other than obligations of the United States.

"(ii) A provision of Federal law shall be deemed to meet the requirements of clause (i) if such provision includes the following: 'This Act shall be considered to be a provision of Federal law meeting the requirements of section 1817(c)(2)(D)(i) of the Social Security Act.'.".

SEC. 4. SOCIAL SECURITY AND MEDICARE PART A INVESTMENT COMMISSION.

(a) ESTABLISHMENT.—There is established in the executive branch of the Government a Social Security and Medicare Part A Investment Commission (in this section referred to as the "Commission").

(b) STUDY AND REPORT.—As soon as practicable after the date of the enactment of this Act, the Commission shall conduct a study to ascertain the most effective vehicles for investment of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Hospital Insurance Trust Fund, other than investment in the form of obligations of the United States. Not later than October 1, 2025, the Commission shall submit a report to the President and to each House of the Congress setting forth its recommendations for such vehicles for investment, together with proposals for such administrative and legislative changes as the Commission determines necessary to authorize and implement such recommendations.

(c) COMPOSITION.—The Commission shall be composed of—

(1) 3 members appointed by the President, of whom 1 shall be designated by the President as Chairman;

(2) 2 members appointed by the Speaker of the House of Representatives;

(3) 1 member appointed by the minority leader of the House of Representatives;

(4) 2 members appointed by the majority leader of the Senate; and

(5) 1 member appointed by the minority leader of the Senate.

(d) MEMBERSHIP REQUIREMENTS.—Members of the Commission shall have substantial experience, training, and expertise in the management of financial investments and pension benefit plans.

(e) LENGTH OF APPOINTMENTS.—Members of the Commission shall serve for the life of the Commission. A vacancy on the Commission shall be filled in the manner in which the original appointment was made and shall be subject to any conditions that applied with respect to the original appointment.

(f) ADMINISTRATIVE PROVISIONS.—

(1) MEETINGS.—The Commission shall meet—

(A) not less than once during each month; and

(B) at additional times at the call of the Chairman.

(2) EXERCISE OF POWERS.—

(A) IN GENERAL.—The Commission shall perform the functions and exercise the powers of the Commission on a majority vote of a quorum of the Commission. Three members of the Commission shall constitute a quorum for the transaction of business.

(B) VACANCIES.—A vacancy on the Commission shall not impair the authority of a quorum of the Commission to perform the functions and exercise the powers of the Commission.

(g) COMPENSATION.—

(1) IN GENERAL.—Each member of the Commission who is not an officer or employee of the Federal Government shall be compensated at the daily rate of basic pay for level IV of the Executive Schedule for each day during which such member is engaged in performing a function of the Commission.

(2) EXPENSES.—A member of the Commission shall be paid travel, per diem, and other necessary expenses under subchapter I of chapter 57 of title 5, United States Code, while traveling away from such member's home or regular place of business in the performance of the duties of the Commission.

(h) TERMINATION.—The Commission shall terminate 90 days after the date of the submission of its report pursuant to subsection (b).

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