

FOR BOARD INFORMATION
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TO : The Board

FROM : Steven A. Bartholow
General Counsel

SUBJECT : Legislative Analysis – Public Law 106-182
Senior Citizens' Freedom to Work Act of 2000

The Senior Citizens' Freedom to Work Act of 2000, Public Law 106-182, was signed into law by President Clinton on April 7, 2000. In general, it amends the Social Security Act effective for years after December 31, 1999, to remove any reduction of benefits due to earnings by beneficiaries age 65 through 69. After this year, exemption from earnings deductions will be tied to attainment of "retirement age," which will gradually increase from age 65 to age 67.

Under prior law social security recipients aged 65 through 69 could earn up to \$17,000 without being subject to work deductions. Beneficiaries in that age group who earned more than \$17,000 lost \$1.00 for every \$3.00 in earnings above the threshold.

Individuals under retirement age lose \$1.00 for every \$2.00 that the earnings exceed the exempt amount. This earnings restriction was not affected by enactment of the Senior Citizens' Freedom to Work Act of 2000.

Public Law 106-182 continues the treatment under prior law of excess earnings in the year in which the beneficiary attains retirement age. In the year in which a person attains retirement age, deductions for earnings over the exempt amount in months prior to attainment of retirement age will be made at the rate of \$1.00 for every \$3.00 that the earnings exceed the exempt amount.

In addition, section 4(b) of the Act provides that an individual shall receive a delayed retirement credit for any month after retirement age that is not paid either due to work or if the individual requests that his/her annuity not be paid.

The amendments made by Public Law 106-182 also apply to benefits payable under the Railroad Retirement Act. The amendment eliminating the excess earnings reductions for persons upon attainment of retirement age applies to tier I benefits, vested dual benefits and survivor annuities. The amendment made by section 4(b) of Public Law 106-182 applies to the computation of tier I benefits. The disability earnings and last person employment restrictions in the Railroad Retirement Act are unaffected by Public Law 106-182. In addition, the Railroad Retirement Act continues to preclude the payment of an annuity for any month in which the beneficiary performs compensated service for an employer under the Act.

cc: Director of Programs
Director of Hearings and Appeals
Chief Financial Officer
Acting Director of Legislative Affairs