To improve the employability of older Americans.

A BILL

To improve the employability of older Americans.

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

SEC. 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the
"Incentives for Older Workers Act".

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

Sec. 1. Short title; table of contents.
Sec. 2. Prohibition of benefit reduction due to phased retirement.
Sec. 3. Allowance of delayed retirement Social Security credits until age 72.
Sec. 4. Reduction in Social Security benefit offset resulting from certain earn-
ings.
Sec. 5. National Resource Center on Aging and the Workforce.
Sec. 6. Civil service retirement system computation for part-time service.
Sec. 7. Workforce investment activities for older workers.
Sec. 8. Eligibility of older workers for the work opportunity credit.
Sec. 9. Normal retirement age.
SEC. 2. PROHIBITION OF BENEFIT REDUCTION DUE TO PHASED RETIREMENT.

(a) Prohibition of Benefit Reduction Due to Phased Retirement.—

(1) Amendment to the Employee Retirement Income Security Act of 1974.—Section 204(b)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(b)(1)) is amended by adding at the end the following:

“(I)(i) Notwithstanding the preceding subparagraphs, in the case of a participant who—

“(I) begins a period of phased retirement, and

“(II) was employed on a substantially full-time basis during the 12-month period preceding the period of phased retirement, a defined benefit plan shall be treated as meeting the requirements of this paragraph with respect to the participant only if the participant’s compensation or average compensation taken into account under the plan with respect to the years of service before the period of phased retirement is not, for purposes of determining the accrued benefit for such years of service, reduced due to such phased retirement.
“(ii) For purposes of this subparagraph, a period of phased retirement is a period during which an employee is employed on substantially less than a full-time basis or with substantially reduced responsibilities, but only if the period begins after the participant reaches age 50 or has completed 30 years of service creditable under the plan.”

(2) Amendment to the Internal Revenue Code of 1986.—Section 411(b)(1) of the Internal Revenue Code of 1986 (relating to accrued benefits) is amended by adding at the end the following:

“(I) Accrued benefit may not decrease on account of phased retirement.—

“(i) In general.—Notwithstanding the preceding subparagraphs, in the case of a participant who—

“(I) begins a period of phased retirement, and

“(II) was employed on a substantially full-time basis during the 12-month period preceding the period of phased retirement,
a defined benefit plan shall be treated as meeting the requirements of this paragraph with respect to the participant only if the participant’s compensation or average compensation taken into account under the plan with respect to the years of service before the period of phased retirement is not, for purposes of determining the accrued benefit for such years of service, reduced due to such phased retirement.

“(ii) Period of phased retirement.—For purposes of this subparagraph, a period of phased retirement is a period during which an employee is employed on substantially less than a full-time basis or with substantially reduced responsibilities, but only if the period begins after the participant reaches age 50 or has completed 30 years of service creditable under the plan.”.

(b) Effective Date.—The amendments made by this section shall apply to benefits payable after the date of enactment of this Act.
SEC. 3. ALLOWANCE OF DELAYED RETIREMENT SOCIAL SECURITY CREDITS UNTIL AGE 72.

(a) In General.—Paragraphs (2) and (3) of section 202(w) of the Social Security Act (42 U.S.C. 402(w)) are each amended by striking “age 70” and inserting “age 72”.

(b) Effective Dates.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 4. REDUCTION IN SOCIAL SECURITY BENEFIT OFFSET RESULTING FROM CERTAIN EARNINGS.

(a) In General.—Section 203(f)(3) of the Social Security Act (42 U.S.C. 403(f)(3)) is amended by striking “in the case of any individual” and all that follows through “in the case of any other individual”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 5. NATIONAL RESOURCE CENTER ON AGING AND THE WORKFORCE.

(a) Establishment.—The Secretary of Labor shall award a grant for the establishment and operation of a National Resource Center on Aging and the Workforce to address issues on age and the workforce and to collect, organize, and disseminate information on older workers.
(b) Activities.—The Center established under subsection (a) shall—

(1) serve as a national information clearing-house on workforce issues, challenges, and solutions planning for older workers that would serve employers, local communities, and State and local government organizations, as well as other public and private agencies, including providing for the cataloging, organization, and summarizing of existing research, resources, and scholarship relating to older workforce issues;

(2) identify best or most-promising practices across the United States that have enjoyed success in productively engaging older Americans in the workforce;

(3) create toolkits for employers, trade associations, labor organizations, and non-profit employers that would feature a series of issue papers outlining specific tasks and activities for engaging older individuals in select industries;

(4) distribute information to government planners and policymakers, employers, organizations representing and serving older adults, and other appropriate entities through the establishment of an interactive Internet website, the publications of articles in
periodicals, pamphlets, brochures, and reports, as well as through national and international conferences and events; and

(5) provide targeted and ongoing technical assistance to select units of government, private corporations, and nonprofit organizations.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be available in each fiscal year to carry out this section.

SEC. 6. CIVIL SERVICE RETIREMENT SYSTEM COMPUTATION FOR PART-TIME SERVICE.

Section 8339(p) of title 5, United States Code, is amended by adding at the end the following:

“(3)(A) In the administration of paragraph (1)—

“(i) subparagraph (A) of such paragraph shall apply to any service performed before, on, or after April 7, 1986;

“(ii) subparagraph (B) of such paragraph shall apply to all service performed on a part-time or full-time basis on or after April 7, 1986; and

“(iii) any service performed on a part-time basis before April 7, 1986, shall be
credited as service performed on a full-time basis.

“(B) This paragraph shall be effective with respect to any annuity entitlement to which is based on a separation from service occurring on or after the date of the enactment of this paragraph.”

SEC. 7. WORKFORCE INVESTMENT ACTIVITIES FOR OLDER WORKERS.

(a) State Boards.—Section 111(b)(1)(C) of the Workforce Investment Act of 1998 (29 U.S.C. 2821(b)(1)(C)) is amended—

(1) in clause (vi), by striking “and” at the end;
(2) by redesignating clause (vii) as clause (viii);

and

(3) by inserting after clause (vi) the following:

“(vii) representatives of older individuals, who shall be representatives from the State agency (as defined in section 102 of the Older Americans Act of 1965 (42 U.S.C. 3002)) in the State or recipients of grants under title V of such Act (42 U.S.C. 3056 et seq.) in the State; and”.

(b) Local Boards.—Section 117(b)(2)(A) of such Act (29 U.S.C. 2832(b)(2)(A)) is amended—
(1) in clause (v), by striking “and” at the end; and

(2) by adding at the end the following:

“(vii) representatives of older individuals, who shall be representatives from an area agency on aging (as defined in section 102 of the Older Americans Act of 1965 (42 U.S.C. 3002)) in the local area or recipients of grants under title V of such Act (42 U.S.C. 3056 et seq.) in the local area; and”.

(c) Reservation of Funds for Older Individuals.—Section 134 of such Act (29 U.S.C. 2864) is amended by adding at the end the following:

“(f) Reservation for Older Individuals From Funds Allocated For Adults.—

“(1) Definition.—In this subsection, the term ‘allocated funds’ means the funds allocated to a local area under paragraph (2)(A) or (3) of section 133(b).

“(2) Reservation.—The local area shall ensure that 5 percent of the allocated funds that are used to provide services under subsection (d) or (e) are reserved for services for older individuals.”.
SEC. 8. ELIGIBILITY OF OLDER WORKERS FOR THE WORK OPPORTUNITY CREDIT.

(a) In General.—Section 51(d)(1) of the Internal Revenue Code of 1986 (relating to members of targeted groups) is amended—

(1) by striking “or” at the end of subparagraph (H),

(2) by striking the period at the end of subparagraph (I) and inserting “, or”, and

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

“(J) a qualified older worker.”.

(b) Qualified Older Worker.—Section 51(d) of the Internal Revenue Code of 1986 is amended—

(1) by redesignating paragraphs (11), (12), and (13) as paragraphs (12), (13), and (14), respectively, and

(2) by inserting after paragraph (10) the following new paragraph:

“(11) Qualified older worker.—The term ‘qualified older worker’ means any individual who is certified by the designated local agency as being an individual who is age 55 or older and whose income is not more than 125 percent of the poverty line (as defined by the Office of Management and Budget), excluding any income that is unemployment com-
pensation, a benefit received under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), a payment made to or on behalf of veterans or former members of the Armed Forces under the laws administered by the Secretary of Veterans Affairs, or 25 percent of a benefit received under title II of the Social Security Act (42 U.S.C. 401 et seq.).”.

(c) EFFECTIVE DATE.—The amendments made this section shall apply to amounts paid or incurred after the date of the enactment of this Act to individuals who begin work for the employer after such date.

SEC. 9. NORMAL RETIREMENT AGE.

(a) Amendment to Internal Revenue Code of 1986.—Section 411 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(f) SPECIAL RULE FOR DETERMINING NORMAL RETIREMENT AGE FOR CERTAIN EXISTING DEFINED BENEFIT PLANS.—

“(1) IN GENERAL.—For purposes of subsection (a)(8)(A), an applicable plan shall not be treated as failing to meet any requirement of this subchapter, or as failing to have a uniform normal retirement age for purposes of this subchapter, solely because
the plan has adopted the normal retirement age described in paragraph (2).

“(2) APPLICABLE PLAN.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘applicable plan’ means a defined benefit plan that, on the date of the introduction of the Incentives for Older Workers Act, has adopted a normal retirement age which is the earlier of—

“(i) an age otherwise permitted under subsection (a)(8)(A), or

“(ii) the age at which a participant completes the number of years (not less than 30 years) of benefit accrual service specified by the plan.

A plan shall not fail to be treated as an applicable plan solely because, as of such date, the normal retirement age described in the preceding sentence only applied to certain participants or to certain employers participating in the plan.

“(B) EXPANDED APPLICATION.—If, after the date described in subparagraph (A), an applicable plan expands the application of the normal retirement age described in subparagraph
(A) to additional participants or participating employers, such plan shall also be treated as an applicable plan with respect to such participants or participating employers.”.

(b) Amendments to Employee Retirement Income Security Act of 1974.—Section 204 of the Employee Retirement Income Security Act of 1974 is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

“(k) Special Rule for Determining Normal Retirement Age for Certain Existing Defined Benefit Plans.—

“(1) In general.—For purposes of section 3(24), an applicable plan shall not be treated as failing to meet any requirement of this title, or as failing to have a uniform normal retirement age for purposes of this title, solely because the plan has adopted the normal retirement age described in paragraph (2).

“(2) Applicable plan.—For purposes of this subsection—

“(A) In general.—The term ‘applicable plan’ means a defined benefit plan that, on the date of the introduction of the Incentives for
Older Workers Act, has adopted a normal retirement age which is the earlier of—

“(i) an age otherwise permitted under section 2(24), or

“(ii) the age at which a participant completes the number of years (not less than 30 years) of benefit accrual service specified by the plan.

A plan shall not fail to be treated as an applicable plan solely because, as of such date, the normal retirement age described in the preceding sentence only applied to certain participants or to certain employers participating in the plan.

“(B) EXPANDED APPLICATION.—If, after the date described in subparagraph (A), an applicable plan expands the application of the normal retirement age described in subparagraph (A) to additional participants or participating employers, such plan shall also be treated as an applicable plan with respect to such participants or participating employers.”.
(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning before, on, or after the date of the enactment of this Act.