

**Statement For the Printed Record of a Hearing, June 15, 2004  
before the Committee on Ways and Means Subcommittee on Social  
Security on Enhancing Social Security Number (SSN) Privacy**

By

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Submitted June 16, 2004

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June 16, 2004

The Honorable Clay Shaw  
Chairman  
House Ways & Means Subcommittee  
on Social Security  
B-316 Rayburn House Office Bldg.  
Washington, DC 20515

The Honorable Robert Matsui  
Ranking Democratic Member  
House Ways & Means Subcommittee  
on Social Security  
1106 Longworth House Office Bldg.  
Washington, DC 20515

**Public and Private Benefit Plan Sponsors Support  
Treatment of Plans in H.R. 2971, the  
“Social Security Number Privacy and Identity Theft Prevention Act”**

Dear Chairman Shaw and Ranking Member Matsui:

The undersigned organizations applaud your efforts over the past several years to craft legislation that will ensure the integrity of the social security number (SSN) in the years ahead. We remain extremely concerned about the proliferation of identity theft and other financial crimes that exploit individual SSNs, and believe strong legislation should be enacted to combat such nefarious acts.

As public and private employee benefit plan sponsors, we provided detailed analysis of possible legislative proposals on July 24, 2003, to address our concern that such legislation could unintentionally hinder the delivery of benefits from, and the efficient administration of these plans. In that testimony, we stated that in your bipartisan legislation introduced during the 107<sup>th</sup> Congress, the “Social Security Number Privacy and Identity Theft Prevention Act of 2001,” (H.R. 2036), the definitions and provisions relating to the “sale,” “purchase” or “display” of a person’s SSN could make it more difficult to deliver comprehensive health and retirement benefits to public and private employees alike.

In working with you and your staff over the past year, much of this concern has subsided. We appreciate the bill you introduced in the 108<sup>th</sup> Congress, H.R. 2971, the “Social Security Number Privacy and Identity Theft Prevention Act of 2003.” Although the bill treats public and private sector entities somewhat differently, it specifically recognizes the importance of voluntary employee benefit plans. Section 208A(a)(2)(B)(ii) (Section 107(a) of H.R. 2971) ensures that the provision of and administration of these plans will not be hindered by the legislation.

As you know, public and private employee benefit plans generally use SSNs because they enable the accurate and timely administration of benefits for a highly mobile workforce, and because use of the SSN is mandated for tax reporting requirements. Plan administrators take seriously the responsibility that the use of SSNs requires, and they use the utmost caution and security when SSNs are used in plan administration and communications.

Public and private sector defined benefit and defined contribution pension and savings plans, like 401(k), 403(b), and 457 plans, use SSNs to identify plan participants, account for employee contributions, implement the employee's investment directions, track "rollovers" from other plans, and allow employees to view their account activity or benefit accrual online (typically in conjunction with a secure "PIN"). We believe that Section 208A(a)(2)(B)(ii) would allow these important processes to continue as well.

Also, SSNs are also used as the primary identifier in many medical and health benefit and prescription drug plans to coordinate communications between the doctor, the medical service provider, and the plan. Again, we believe this section, like the allowable legitimate uses of SSNs for national security, law enforcement, public health and advancing public knowledge purposes, permits this effective health process to continue.

As further evidence of your intent to protect the employer-employee relationship, Section 109 of H.R. 2971 provides for the continued use of SSNs when expressly required under Federal law, such as for W-2 income tax reporting. We applaud this effort as well.

We look forward to continuing to work with you and the Committee to effectively address the problem of identity theft without creating unintentional barriers to the provision of public and private pension, health and other benefits to employees. To this end, we urge you to retain the important provisions described here without change as the Committee continues to examine legislative proposals. Please do not hesitate to contact us should you require additional information or wish to discuss this issue in more detail.

Sincerely,

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