



Social Security Earned Leave

OVERVIEW

Social Security Earned Leave is a proposed solution to expand access to paid parental leave benefits without raising taxes, growing the government, or hurting workers' economic opportunities. It would offer new parents the opportunity to receive early Social Security benefits for parental leave in exchange for delaying the collection of retirement benefits by an equal amount of time.

WHY?

- Paid parental leave is associated with positive health benefits, family wholeness, and economic benefits, including strengthened labor force attachment (particularly among women).
- While some U.S. workers have access to paid leave, many more have either no leave or unpaid leave, as guaranteed by the Family and Medical Leave Act. Importantly, virtually half of all U.S. families live paycheck-to-paycheck, making it difficult to take unpaid leave. Many end up turning to other forms of public assistance when they have to take time off from work after having a child. The public assistance programs that they use (and that taxpayers pay for) don't come with a trade-off of deferred retirement benefits. Reducing dependence on those safety net programs would save taxpayers money.
- With the rising costs of living and childcare, many younger workers find that saving for more immediate needs, like parental leave, is more of a pressing priority than saving for retirement. Social Security Earned Leave lets individual workers make that decision for themselves.
- American families and workplaces have grown more diverse and versatile. We need a flexible paid leave policy designed for the 21st century workforce.
- This policy would be a win-win for all: women and families, employers and employees, as well as the economy and job market.

HOW IT WOULD WORK:

Congress can reform Social Security so that new parents can choose to receive paid parental leave benefits in exchange for deferring the collection of their Social Security retirement benefits.

- **Eligibility:** Parents must have worked a minimum of 12 quarters total, or 2 of the 4 quarters preceding the birth or adoption of a child.
- **Benefit Levels:** Benefits would be calculated using Social Security's formula. A \$30,000 per year employee would receive a benefit of about \$4,000 to help pay for time off from work to care for his/her child.
- **Trade Offs:** Workers who use paid parental leave will delay receiving retirement benefits by about three months to offset the costs of their benefits. So the program will be budget neutral over the long term.
- **Number of Beneficiaries:** Many workers already have access to paid leave benefits at work. But this Social Security Earned Leave option would help those who lack paid leave, particularly those with lower incomes. If just 12.5 percent of eligible parents participated, then about one million new parents would receive Social Security benefits for parental leave

BENEFITS OF THIS APPROACH TO PARENTAL LEAVE

- **Voluntary:** No one would be required to participate. The program would not affect compensation, benefits, or the Social Security program for workers or retirees who are not interested.
- **Budget-Neutral:** This approach would function within an existing program that workers are already paying into, Social Security. The Social Security Earned Leave program is designed to be budget neutral over the long term since workers who opt to take parental benefits pay for themselves by delaying their retirement benefits in the future.
- **Responsible:** It would not create a new bureaucracy, new tax, or new burdens on employers. And it would not change the existing compensation structures for workers or displace private arrangements between employers and workers.
- **Secure:** Social Security retirement benefits would be protected. Parental leave benefits would not affect the long-term health of the Social Security program.
- **Individualized:** It allows working parents to make a trade-off: They agree to postpone receiving their retirement benefits in exchange for receiving parental leave benefits. It does not place responsibility for paid parental leave on others.
- **Targeted:** This would allow parents who really need support—and who might otherwise end up on other forms of public assistance—to receive the support they need during a critical time.
- **Flexible:** It would give working parents the flexibility and freedom to access the benefits they have already earned through a program that already exists (Social Security).