



— FREQUENTLY ASKED QUESTIONS —

Social Security Earned Leave

What is the Social Security Earned Leave proposal?

Social Security Earned Leave is a proposed solution to expand access to paid parental leave without raising taxes, growing the government, stifling businesses, or hurting workers' financial opportunities.

How would the plan work?

Policymakers could reform the Social Security program so that eligible new parents could choose to receive paid parental leave benefits in exchange for deferring the collection of their Social Security retirement benefits for a brief period of time, 12 weeks.

How would workers become eligible for parental leave?

Workers would earn parental leave benefits by paying Social Security payroll taxes and agreeing to defer their retirement benefits. Therefore, eligibility would be limited to parents who are likely to earn Social Security retirement benefits and who are currently in the workforce. Therefore, the proposal for parental leave benefits would require:

- That eligible parents have worked a minimum of 12 quarters total OR
 - That eligible parents have worked 2 of the 4 quarters preceding the birth of a child.
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How much would this proposal cost?

Under this proposal:

- An estimated 2 million parents per year would receive approximately \$8 billion in parental leave benefits.
- This is a drop in the bucket, considering over 60 million Americans currently receive more than \$950 billion in Social Security benefits each year, or compared to our \$3 trillion national budget.
- To make sure that the Social Security Trust Fund balance is not affected by these upfront costs, Congress could credit Social Security with these revenues by transferring resources from the General Treasury.

The long-term cost would be zero. Social Security Earned Leave is ultimately self-financing, because the cost of providing parental leave benefits would eventually be offset by workers delaying retirement benefits.

How many people would benefit?

Many workers in the U.S. already have access to paid leave benefits at work. But this proposal would provide important support to those who want and need it and don't have access to paid leave:

- Even if just 12.5 percent of eligible parents participated, that would amount to about one million new parents who would receive Social Security Earned Leave benefits.
 - This would enable these individuals to spend invaluable time caring for their new child.
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Would this plan expand the role of government?

No. This plan:

- Would not require a new tax or additional taxpayer funding.
 - Would not create a new bureaucracy; it would function within an existing program (Social Security).
 - Would not create any new requirements or mandates on employers.
 - Would not provide any new benefit to ineligible (non-working) parents.
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How would parents be in control of their paid leave?

This proposal:

- Would allow working parents to make a tradeoff: They must agree to postpone their own retirement benefits by 3 months in exchange for receiving parental leave benefits.
 - Would build on the concept that money paid into Social Security belongs to workers.
 - Would offer new parents the choice, freedom, and flexibility to access benefits they've already earned.
 - Would especially benefit families living paycheck-to-paycheck, who need access to their benefits now.
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How would this plan affect existing benefits offered by employers?

The plan:

- Would be strictly voluntary, only affecting working parents who choose to use it.
- Would not place responsibility for paid parental leave on other workers.
- Would not change the existing compensation structures for workers.
- Would not displace private arrangements between employers and workers.

Today, in the absence of any federal paid leave policy, many employers offer paid leave benefits in order to attract and retain workers. Social Security Parental

Leave would only provide partial income replacement for three months after a child is born and, therefore, would be of most help to workers without any on-the-job paid leave benefits.

How would this plan improve economic opportunity for women?

Research shows that women who have paid leave benefits are more likely to return to work—and work more hours per week—after having a child. This plan would require no new taxes or mandates, meaning it would not discourage work or job creation.

In contrast, other proposals aimed at expanding paid leave would hinder women's outcomes. A mandate on employers raises costs, making it harder for businesses to hire and retain workers.

A new entitlement program—such as the one proposed in the FAMILY Act—would require new funding in the form of increased payroll taxes, which would take resources away from workers, businesses, and families.