Infographic

The Fiscal Implications Of Using Social Security To Provide Paid Parental Leave

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AAF

THE FISCAL IMPLICATIONS OF USING SOCIAL SECURITY TO PROVIDE PAID PARENTAL LEAVE

Under the new Independent Women's Forum's (IWF) proposal, workers would be allowed to claim early Social Security benefits in the event of the birth or adoption of a child. In turn, they would delay their retirement by a period commensurate with the cost of their leave.

An AAF analysis finds that this proposal would worsen Social Security's already troubled financial outlook.

SOCIAL SECURITY TRUST FUNDS ARE PROJECTED TO GO BANKRUPT BY

2034

In 2019, the IWF proposal would provide a total of:

$10.5 billion in benefits to **3.6 million workers**

Benefits would average **$404 per week** or **37% of average weekly earnings**. Additionally, workers would claim benefits for **7.1 weeks** on average.

THE IWF PROPOSAL'S CUMULATIVE COST (2019-2034)

$227.6 billion

99.4% of this cost

would go to workers who reach retirement age **after 2034, the Trust Funds' exhaustion date.**

would be a net cost to the Social Security Trust Funds prior to exhaustion and **advance the exhaustion date by about 6 months.**

Since the Treasury already borrows to fulfill the Social Security Trust Funds' obligations, **virtually all paid leave benefits would be financed by government debt.**

This proposal would be a substantial new upfront-cost to Social Security.

The trickiest aspect in paid leave policy is finding a solution that meaningfully expands access to paid leave without overburdening the public with higher taxes, fewer benefits elsewhere, or additional debt.

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