



## Remaking Social Security as a Compact Across Generations to Support Family Care as Well as Retirement

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American families are changing, and it is now normal for one or two parents to juggle paid employment with the demands of caring for children and other family members who need daily help. Reformers often look with envy at European democracies that provide paid maternity leaves and childcare supports. But most European family benefits were created in an era when a male breadwinner was the norm – and many countries now struggle to make benefits gender neutral. As the United States looks for ways to support working families, we should devise flexible solutions of our own that are fair to both men and women.

### America's Distinctive Approach

Social Security is our most beloved and effective social insurance program, and it embodies characteristically American principles of choice and investment. Unlike European retirement programs, Social Security does not force pensioners to leave the labor force at any set age. Social Security also guarantees defined benefits throughout retirement and provides benefits for workers who become disabled, as well as for the surviving family members of those who die.

Social Security is strongly supported by most Americans, yet it also in also need of reforms. As debates rage about the future of U.S. taxation and social spending, we should bear in mind that Social Security itself is *not* in any real fiscal crisis. Unlike Medicare, its costs have not spiraled. Modest adjustments – such as raising the artificial ceiling on salaries subject to payroll taxes – could assure Social Security's ability to pay all promised benefits forever.

More serious for Social Security is an erosion of trust and faith in its future, especially among the young. After years of loud public claims that Social Security is “in crisis,” many younger people do not believe that the system will still be in place when they eventually retire. In a sluggish labor market, younger Americans feel hard-pressed by the costs of other programs (such as college loans that too-often leave an overhang of prolonged debt) and they face bracing challenges of balancing family and employment. The young need help long before they retire.

### A Way to Bolster Social Security for All Age Groups

*A good way to restore trust would be to strengthen Social Security as an ongoing compact across the generations.* With readily feasible changes, Social Security could both assure promised benefits to retirees and provide much-needed paid family-care leaves to working-aged men and women. Here is how such an updated Social Security system could work:

- Any male or female U.S. worker with accumulated Social Security credits would be able to take three months of a paid “family care leave” for each five years of payroll taxes previously contributed to the system. Family care leaves would be available to both men and women and relevant to many kinds of family needs. Any worker could take paid time to care for a child or tend to a frail or ill spouse, parent, or other family dependent. Female earners might for some time be the ones more likely to take care-time in mid-life and then have to retire a bit later. But women tend to live longer, so this would be a fair trade-off.
- As with current Social Security benefits, benefits would be calibrated to the employee’s previous regular wage or salary, and there would be a minimum floor so even low-wage workers could take advantage of this benefit.
- The new family care benefit would be revenue neutral for Social Security as a whole, because time taken for paid family leave during a man or woman’s working career would be counterbalanced by lifting the age of retirement for that person. In other words, a working man or woman who took a year of family care leave in mid-life would need to wait a year later to claim full retirement benefits at the end of his or her working years.
- Implementing this new system should be tied to lifting the ceiling on salaries subject to the Social Security payroll taxes – a step supported by more than two-thirds of all Americans in recent opinion polling. Right now, payroll taxes are not collected on salaries above \$110,100. If we raise that ceiling to a higher level, and ask high-salaried people to pay much closer to their full share, we can fix Social Security’s finances permanently. (This would also be fairer for families that have two earners, ending the incentive for families to rely on unequal earnings – two modest earners who combine to bring in a family income of \$120,000 shouldn’t pay more social security taxes than families with one earner bringing in that much – or even much more).

## Family Security for Young and Old

Reworking Social Security in this manner would maximize individual and family choices in a distinctively American way. Each working family would be able to decide for itself about which member will do extra work caring for children or other family members in need. Men and women alike, and families with and without children – all would benefit and be free to make choices when hands-on care time is acutely needed. Poor families led by a wage-earning mother would get much needed extra help, but the Social Security care benefit would remain tied to labor-force participation.

With the changes proposed here, Social Security would better meet its original goal of providing social insurance for people of all ages – in an updated way that fits twenty-first century realities. If the United States remakes Social Security as a cross-generational family benefit, the faith of younger Americans could be quickly restored. Benefits from the Social Security trust fund would immediately boost the budgets of working families facing acute care needs. Young and middle-aged Americans would not just experience Social Security as a tax to help grandparents. With the addition of the family care leaves, Social Security would become an even more popular and trusted social program for working men and women of all ages – a mutually sustained program to help all working Americans provide care for others, even as they make contributions to assure their own retirements.

Read more in Myra Marx Ferree, "**An American Roadmap to Equality? Framing Feminist Goals in a Liberal Landscape,**" in *Gender Equality: Transforming Family Divisions*, edited by Janet Gornick and Marcia Meyers (Polity Press, 2009).