

## CRADLE Act

### 1. How is your proposal different from others that have been put forward?

Our proposal is budget neutral, voluntary, and flexible for parents who choose to opt in. Under our plan, most new parents could elect to receive a paid leave benefit through Social Security. In return for receiving these benefits, participants would postpone the activation of their Social Security retirement benefits. It would give most new moms and dads the flexibility to stay home with their newborns during the critical first months after birth, without creating another massive mandated government program.

### 2. Would this proposal create a new tax burden on families and small businesses like other proposals?

No, we wrote this proposal specifically to avoid that. We have significant concerns with the idea of raising payroll taxes, which hurt small businesses and are most acutely felt by lower-income workers. Payroll taxes increase the cost of labor, striking especially hard at labor-intensive businesses with thin profit margins.

We want to craft a paid parental leave policy that not only attracts consensus, but is considerate of families, employers, and the economy, recognizing that working parents by definition are an essential part of many businesses. Few businesses can afford more taxes or more cuts to their bottom line. Our proposal is a win-win – it will help beneficiaries without costing businesses, taxpayers, or jobs.

### 3. Would this proposal impact the Social Security Trust Fund?

No. Under our proposal, paid parental leave would be completely budget neutral. Social Security would recoup the cost of the parental benefits because the parents taking those benefits would defer their retirement benefits by a commensurate period of time.

### 4. How much would a parent receive under this proposal?

Our proposal would use the same formula used for calculating Social Security disability benefits. One advantage of this approach is that the formula is progressive, meaning it would provide proportionately larger benefits to parents with lower earnings. These individuals are the least likely to have employer-provided paid leave or be able to self-finance taking time off work. While the specific parental leave benefit amount would depend on the parent's past earnings, a single parent making \$1,301 a month after federal income and FICA taxes are withheld (that is the current official poverty line) would receive a \$960 monthly benefit from Social Security, roughly a 74 percent wage replacement.

### 5. Would this proposal only cover new moms?

No. Both parents that are actively engaged in the raising of a child would be able to claim up to three months of parental leave for the birth of each child.

### 6. Why would the benefit be available only for parental leave?

Parental leave makes sense within the Social Security framework because Social Security benefits for today's elderly are funded by today's workers. This means that the future of Social Security retirement benefits depends on parents having children and raising them to be productive, hardworking, taxpaying adults.

## CRADLE Act

Additionally, parental leave is a planned event, unlike sick leave. This allows for a federal benefit to be accurately calculated, properly vetted against fraud and abuse, and sent to the correct beneficiary in a timely manner.

**7. Does this proposal force a parent to take paid leave and delay retirement?**

No. This program would be completely voluntary, giving parents the choice to opt in or not. If a parent doesn't want to take the benefit, they don't have to. A parent could take the benefit for one, two, or three months if they'd like, with full knowledge that it would postpone the activation of their retirement benefits by two, four, or six months. The decision to take paid leave would be entirely in the parent's hands.

**8. Are you working with lawmakers of both parties and the White House on this issue?**

Yes. Through the leadership of Ivanka Trump, the Administration has worked closely to develop a dialogue with Congress. We are glad to see that members of the House and Senate and from both sides of the aisle are finally paying attention to this issue, recognizing that moms and dads across the country are trying to figure out how to ensure their babies are well-cared for and nurtured in those precious first few weeks of life.