

HELP WORKING FAMILIES BY STRENGTHENING SOCIAL SECURITY RETIREMENT

Social Security Retirement is an essential resource for people who become unable to work due to disability. Unfortunately, it relies on an economically unjust funding structure that has a disparate effect on people of color, immigrants, and women. BLC advocates for changes to how Social Security generates revenue and how it calculates and pays out benefits.

Take Action

Scrap the cap.

The FICA payroll tax funds 89% of Social Security Retirement, but high earners only pay this tax on their first \$142,800. This leaves significant funding on the table: 18% of total wages are not subject to FICA because of the cap. The richest 6% of workers therefore contribute at a lower rate than low-wage workers. Abolishing the cap would make the payroll tax more equitable and would increase funding for Social Security.

Use a better measure to calculate annual benefits increases.

People who rely on Social Security benefits to meet their basic needs lose buying power every year because medical and housing costs rise more sharply than their benefits. Social Security calculates cost-of-living increases (COLA) using the CPI-W, an index based on urban wage and clerical workers who derive at least half their household income from wage work. By definition, this excludes SSDI and SSI recipients. Instead, Social Security should use the CPI-E, which emphasizes medical and housing costs to reflect the spending of people who are elderly or disabled. The Bureau of Labor Statistics already has the framework and ability to calculate the CPI-E. Social Security must use it to calculate COLA.

Pay Social Security benefits to all people who are taxed.

People taxed for Social Security must be paid Social Security benefits. The Social Security fund is currently solvent on the backs of undocumented immigrants who contribute \$9 billion annually but can never draw Social Security benefits to help themselves and their families. This provides a net benefit to the Social Security fund, but it is an injustice that we should end by correcting systemic inequities in our Social Security, tax, and immigration laws.

Give work credits for caregiving work done at home.

Home caregiving is essential work that benefits our society by enabling older adults and people with disabilities to live independently. About 40 million family caregivers provide \$470 billion annually in unpaid care. Women and people of color are more likely to have to provide intensive unpaid caregiving. Caregivers who stop earning a wage also stop earning Social Security work credits. When they later need benefits, they are ineligible or receive a low benefit. They deserve the same tax credit they would receive if they were still earning a wage.

Ask your representatives in Congress to support legislation to eliminate the payroll tax cap, implement CPI-E for COLA increases, give work credits to caregivers, and comprehensively reform our immigration laws to allow Social Security to pay all contributors.

