



Leadership Council  
of Aging Organizations

***Max Richtman, Chair***

August 3, 2020

Dear Representative,

We, the undersigned members of the Leadership Council of Aging Organizations (LCAO), urge you to correct a coronavirus-related glitch in current law. If left uncorrected, it would result in a sizable benefit cut in Social Security retirement income for individuals born in 1960 and 1961. Please include H.R. 7499, the “Social Security COVID Correction and Equity Act,” in the next coronavirus relief legislation. Although the problem was revealed by the COVID-19-induced economic crisis, it has long-term implications for future generations.

LCAO is a coalition of 69 national nonprofit organizations concerned with the well-being of America's older population and committed to representing their interests in the policymaking arena. Advocacy for the economic security of older people is integral to the coalition's mission. Social Security constitutes a critical component of that economic security.

The Social Security benefit formula is designed to replace about 41 percent of workers' overall career average earnings at the normal retirement age of each age group.<sup>i</sup> In calculating aggregate career earnings, the Social Security Administration adjusts earnings to reflect growth throughout working years by using the national average wage index (AWI). The AWI is based on the ratio of total wages paid in a year to the total number of workers. Ordinarily, the AWI will increase each year, in keeping with typical wage increases. However, if an economic recession occurs and many workers lose their jobs or experience reduced hours, the AWI can decline from the previous year. Therefore, if the average wage falls by 10 percent in 2020 (as now seems likely), the Social Security retirement benefit of a worker with average earnings turning 60 in 2020 will drop by about \$1,400 per year — **for life** — compared to the Social Security retirement benefit for a similar worker who turned 60 in 2019.<sup>ii</sup> If the AWI falls further in 2020 or continues to fall in subsequent years, even more inequities in Social Security retirement benefits — and in economic security — will result.

It will take time for all workers who have lost income as a result of a lay-off, reduced hours, or illness during the pandemic to recover financially. Social Security provides the base of income security that workers and their families count on during retirement, and it should pay benefits that reflect wages earned over a long career. Those who turn 60 in 2020 and 2021 should not have to face a significant lifetime benefit cut simply because they were caught in a severe but short-term economic down-turn through no fault of their own.

That is why LCAO urges you to include H.R. 7499, the “Social Security COVID Correction and Equity Act,” in the next coronavirus relief legislation. The bill fixes the notch for individuals born in 1960 and 1961 without cutting benefits for any other beneficiaries. In addition, the



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temporary benefit improvements in H.R. 7499 would greatly enhance income security for older adults when they need it the most during the current pandemic.<sup>iii</sup> We urge you to enact the Social Security COVID Correction and Equity Act.

Sincerely,

AMDA - The Society for Post-Acute and Long-Term Care Medicine  
American Federation of State, County and Municipal Employees  
American Postal Workers Union Retirees Department  
Alliance for Retired Americans  
American Geriatrics Society  
American Society on Aging  
Aging Life Care Association  
Asociacion Nacional Pro Persona Mayores  
Association for Gerontology and Human Development in HBCUs  
Center for Medicare Advocacy  
The Consumer Voice  
The Gerontological Society of America  
Justice in Aging  
Medicare Rights Center  
National Academy of Elder Law Attorneys  
National Active and Retired Federal Employees Association (NARFE)  
National Adult Day Services Association (NADSA)  
National Adult Protective Services Association  
National Alliance for Caregiving  
National Asian Pacific Center on Aging  
National Association of Nutrition and Aging Services Programs (NANASP)  
National Association of Social Workers (NASW)  
National Association of State Long-Term Care Ombudsman Programs  
National Committee to Preserve Social Security and Medicare  
National Hispanic Council on Aging  
National Senior Corps Association  
Pension Rights Center  
Social Security Works  
Women's Institute for a Secure Retirement

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<sup>i</sup> Paul N. Van de Water, Center for Budget and Policy Priorities, "Policymakers Should Prevent Recession-Related Social Security Benefit Drops," blog post, 7/23/20.

<sup>ii</sup> Paul N. Van de Water, blog post 7/23/20.

<sup>iii</sup> The Social Security benefit improvements in H.R. 7499 are nearly identical to provisions included in H.R. 6356, the Emergency Social Security Benefits Improvement Act, which LCAO endorsed in our joint April 8, 2020 [letter](#) to the House and Senate leadership. Our April 8<sup>th</sup> letter included additional proposals needed in the next COVID relief legislation to protect the health and well-being of older Americans and their families (page 4).