August 25, 2020

The Honorable Donald Trump
The White House
Washington, DC 20500

Dear President Trump,

The Leadership Council of Aging Organizations (LCAO), a coalition of 69 national nonprofit groups concerned with the well-being of America’s older population, strongly urges you to reverse your August 8th executive action on the deferral of employee Social Security payroll contributions to the end of 2020. While the stated goal may be to boost the economy and get money into the pockets of workers hurt by the coronavirus, deferring contributions to Social Security will not help the millions of workers who have lost their jobs and it will do nothing for those who have left the workforce because of such reasons as retirement, disability or caregiving.

Deferring Social Security contributions undermines employers and employees alike. Employers will face the administrative burden and costs associated with changing their payroll and accounting systems to provide for the contribution deferral for four months. What’s more, currently there is no official guidance on how employers are supposed to carry out the August 8 executive action. And the self-employed appear to be left out entirely of the payroll tax deferral. Both employees and employers will face the reality of having to pay the Social Security contributions when they come due after the end of the year. Workers will also have to pay the taxes on the additional income they received while not having Social Security come out of their pay. The payroll contribution deferral program would amount to a loan arrangement that would be paid for by workers and employers themselves.

If repayments to the Social Security trust funds are waived or payroll contributions ended permanently, it will be devastating to the nation’s social insurance program. Reductions in contributions paid to this vital income security program threaten Social Security’s ability to continue paying benefits to the 65 million Americans who depend on them for their economic survival, as well as to future beneficiaries.

There are alternatives to deferring Social Security payroll contributions which would be effective to stimulate an economy slowed by the spread of the coronavirus. Measures to provide financial relief include extending unemployment benefits of $600 per week through the end of the year, as well as including hazard pay of an additional $13 per hour of work for essential workers. A second economic impact payment of $1,200 to families along with an
additional $500 for each dependent would help them weather the financial setback caused by the pandemic as well.

For 85 years, Social Security has provided essential protection for millions of Americans including veterans, children, people with disabilities, seniors, and many others. In 2020, 65 million people will receive $1 trillion in benefits, much of which is spent in their local communities. COVID-19 continues to surge across the nation, inflicting economic pain along with the unmatched demand for health care services, threatening the ability of millions of Americans to meet their basic needs. To meet this unprecedented health care and economic crisis in the short run and coming years we urge you to support a sustained, steady and substantial investment in the American people and the economy, rather than carry out an executive order that sets up a loan that workers pay for and which threatens Social Security.

Sincerely,

Max Richtman
Chair

CC: The Honorable Nancy Pelosi
    The Honorable Kevin McCarthy
    The Honorable Mitch McConnell
    The Honorable Charles Schumer
    The Honorable Richard Neal
    The Honorable Kevin Brady
    The Honorable Charles Grassley
    The Honorable Ron Wyden
    The Honorable John Larson
    The Honorable Tom Reed
    The Honorable Rob Portman
    The Honorable Sherrod Brown