

Social Security Caregiver Credits—A Missing Pillar of Family Policy

Unifying Family Policy series

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Where should family policy in the United States head over the next five to 15 years?

The *Unifying Family Policy* series reimagines key areas of family policy as interconnected threads in a shared tapestry. The series challenges underlying assumptions and invites fresh thinking in light of the deep societal transformations underway and those still to come. Each brief explores how a specific policy area intersects with others, and how, woven together, they can build a coherent, stable foundation for families in a rapidly changing world.

The current patchwork of family policies—paid leave, child care, tax credits, health coverage, etc.—is fragmented, reactive, and out of step with the realities families face. Over the next decade, we must recast family policy as an integrated, future-oriented system—one that recognizes caregiving as vital infrastructure, addresses the real costs of raising children, and gives families true agency to make choices that align with their values, cultures, and needs.

This brief focuses on using Social Security caregiver credits to ensure that caregivers do not suffer long-term financial hardship. We recommend that the United States adopt a Social Security caregiver credit policy.

Current Context and Future Trends

In the coming decades, stepping in and out of paid work to care for children, elders, or disabled loved ones will become the norm, not the exception. Our policies must evolve to match this rhythm of life. But right now, those who provide care outside the labor market are systematically penalized, especially when it comes to Social Security.

When a person temporarily or permanently drops out of the paid labor force due to disability, America meets them with Social Security Disability Insurance. However, when a person temporarily drops out of the paid labor force to provide full-time care to a dependent—most commonly a young child—they are forced to sacrifice a portion of their Social Security retirement benefits.

Young families face an increasingly difficult environment that threatens their long-term financial security. They are contending with high housing costs, insecure jobs that often feature just-in-time scheduling and variable part-time hours, and shrinking kin networks with aging grandparents. Social Security caregiving credits, which help balance the Social Security calculation for full-time caregivers, are a pragmatic solution. These credits acknowledge the work—and value—of caregiving, and could help restore a measure of economic stability across the life course.

The U.S. Social Security system [calculates retirement benefits](#) based on a worker's 35 highest-earning years. For people who work less than that—including caregivers who have left the paid workforce—that calculation includes years with \$0 in earnings, significantly reducing the total benefit. Similarly, gaps in employment lower earnings potential when workers return to the labor force, meaning again that the Social Security benefit comes in much lower than it would if the person did not step away.

These effects [fall disproportionately on women](#), who are by far the most likely to have gaps in their careers due to caregiving responsibilities. Studies suggest that women who leave the workforce to provide care can lose up to 20% of their Social Security benefits compared to women who work continuously. This loss contributes to nearly twice as many women over 65 living in poverty compared to men, and increases their likelihood of depending on other government safety net programs. The hit to retirement prospects may also induce people to remain in the workforce when they would prefer to take time off to provide care, potentially reducing personal growth, fulfillment, and flourishing.

People who leave continuous paid work are not the only ones who would benefit from caregiver credits. While spousal or widow(er) benefits exist to support the non-earner in families with a long-term stay-at-home parent, these generally require at least 10 years of marriage. Given the large number of single parents in the U.S., plus a relatively high divorce rate and rising rates of cohabitation without marriage, a person who was a stay-at-home parent and starts developing an earnings history later in life may be on shaky ground when it comes to retirement.

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Future trends are likely to exacerbate the already substantial need for such credits. The [rapidly aging and longer-lived U.S. population](#) will cause an acute need for elder care in the coming years; by 2050, there will be 82 million Americans over 65, including 17 million over 85. The rise of the “sandwich generation”—those caring for both minor children and aging parents or an adult loved one with a disability—will intensify and put additional pressure on workers to take time away from the labor force to provide care. Research [shows](#) that there are already 16 million sandwich generation caregivers, disproportionately concentrated among Black and Hispanic populations.

The question is whether those caregivers may themselves face challenging twilight years as a result of providing essential care.

Family policy must provide support across the full arc of life, not just during crises or at the margins. Americans will keep providing care, and care needs will continue to cross geographic, demographic, and ideological lines. Caregiver credits are a prototype for a future policy landscape that reflects how people actually live, move, and care across different stages of life.

The Opportunity

Ideally, Social Security caregiver credits would be applied universally. But it is impossible to speak about Social Security without acknowledging the [dire situation facing the Social Security Trust Fund as of 2025](#).^{*} If universal credits are not feasible as part of wholesale reform to ensure the long-term solvency of the Trust Fund, credits should be targeted to parents with children below the age of three and designed to apply only to low- and moderate-income households. These families face the most constraints on their caregiving choices and retirement prospects. In addition, these constraints hit during the early period of a child’s life—just when a stable, nurturing environment is most critical for their development. Most parents say [they would prefer](#) that one parent care for their children at home during this crucial phase.

Caregiver credits are a common feature in public pension systems across other high-income countries, as noted in a 2018 Center for Retirement Research [report](#). These credits are most often aimed at parents of young children, although some nations extend them to other types of caregiving.

In the U.S., caregiver credit proposals have generally fallen into two buckets:

- 1) Reducing the number of earnings years used to calculate Social Security benefits for those who have been full-time caregivers (for example, from 35 to 30).
- 2) Providing a credit for each year of full-time caregiving, with the credit amount either tied to previous earnings history or set as a flat rate tied to the average wage index; the credit can be used to either substitute for a \$0 earnings year or plus up a below-average earnings year.

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Proposals variously suggest that such credits could be universal or means-tested, and could have a cap on the number of years for which credits apply. Several proposals peg credits to half of the average wage index (presently equaling slightly more than \$34,000); this creates a system in which people with earnings at or over the average wage see no benefit.

These proposals are technically feasible and fiscally reasonable. For example, the Social Security Administration [estimated that one fairly generous version of a credit](#)—offering up to five years of a universal credit to parents with children under the age of 6—would require raising the payroll tax rate by only 0.23% and increase the long-term shortfall the Fund faces (absent any other reforms) by 7%.

Several pieces of legislation have been introduced in Congress regarding Social Security and caregivers. The [Social Security Caregiver Credit Act](#), most recently introduced in 2023, would offer caregivers of dependents (children and disabled or elderly people) up to five years of credits tied to the average wage index. Additionally, modest bills have been introduced to help caregivers “catch up” with lost retirement contributions, such as the Improving Retirement Security for Family Caregivers Act and Catching Up Family Caregivers Act, but these do not meaningfully accomplish the same goals as Social Security caregiver credits.

**Note: While there are two Social Security Trust Funds (the Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund), this brief refers to the former.*

What To Do

To advance Social Security caregiver credits, we recommend the following:

Form a bipartisan commission or working group: Congress should form a bipartisan, bicameral commission or informal working group to study Social Security caregiver credits and produce a framework for implementation.

Update research: Either as part of or separate from a commission or working group, Congress should request the Government Accountability Office update its 2019 report [Retirement Security: Some Parental and Spousal Caregivers Face Financial Risks](#) to reflect post-pandemic realities and focus on the most effective design of a Social Security caregiver credit policy.

Consider a “phased priority” approach to eligibility: Ideally, proposals for caregiver credits should encompass both parents of young children and people providing full-time care to elderly or disabled dependents. But given the fiscal realities of the Trust Fund, priority should be given to parents with children under three from low-to-moderate income households. Triggers could be built in to expand credit eligibility based on the health of the Trust Fund.

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Integrate caregiver credits into advocacy and policy agendas: Child- and family-focused organizations should include Social Security caregiver credits in their policy and advocacy agendas as part of a broader commitment to economic security and care infrastructure.

The Tough Questions

How do we reconcile the need for caregiver credits with Social Security's financial pressures? Social Security is approaching insolvency faster than previously anticipated, with current projections showing the Trust Fund being unable to meet all obligations by 2033. Even with a modest cost, adding more outlays to the Fund may be a difficult sell and is arguably the most significant obstacle to passing caregiver credits. As policymakers have difficult discussions about inevitable Social Security reform, how can caregiver credits be folded into the conversation and made part of any reform package?

What is the best way to design caregiver credits? The technical policy design of these credits is enormously important and raises thorny questions: Who is eligible? How do people prove their eligibility? How should the credit be calculated—should we reduce the number of earnings years used to calculate benefits or is it better to provide a credit for each year of caregiving? There are no simple or obvious answers, and these questions require careful consideration to ensure fairness and efficiency.

Recommended Reading

For more reading on the research base and different perspectives on this topic, we recommend these five resources.

[Caregiver Credits in France, Germany, and Sweden: Lessons for the United States](#), Social Security Administration

[Modernizing Social Security: Caregiver Credits](#), Center for Retirement Research at Boston College

[Retirement Security: Some Parental and Spousal Caregivers Face Financial Risks](#), Government Accountability Office

[Workers With Low Social Security Benefits: Implications for Reform](#), Urban Institute

[Projected Effects of a Proposal to Credit Earnings to Caregivers' Records](#), Social Security Administration

Connections

- Social Security caregiver credits complement PAID PARENTAL LEAVE policies by helping parents who decide to remain home with a young child maintain retirement security.

See: capita.org/unifying-family-policy-series/paid-leave

- Social Security caregiver credits work best when they are filling in gap years in otherwise strong earnings histories, which are improved by PREDICTIVE SCHEDULING policies.

See: capita.org/unifying-family-policy-series/predictive-scheduling