

CRADLE Act

The Child Rearing and Development Leave Empowerment (CRADLE) Act would allow both natural and adoptive parents to receive one, two, or three months of paid leave benefits in exchange for postponing the activation of their retirement benefits for two, four, or six months. The benefit would be calculated using the existing Social Security disability formula.

Before Childbirth or Adoption:

- 1) Apply with Social Security Administration:
 - a. During a period between six months and one month before expected birth or adoption, the expecting parents would fill out an initial application to notify the SSA of their intention to draw on their Paid Parental Leave benefit. Late applications could result in delayed initial disbursement.
 - b. The applications would include the applicant's social security number, a statement of intent to become a parent, the expected date of birth or adoption, an attestation that they have or will give their employer at least 30 days written notice (or as soon as is practicable), and the amount of leave they intend to take.
- 2) Qualify: In order to qualify for the Paid Parental Leave benefit, parents must
 - a. Be a citizen or lawful permanent resident,
 - b. Be the parent of a new child,
 - c. Have worked four out of the previous four quarters, five out of the previous six quarters, or at least 20 total quarters preceding the application, and
 - d. Intend to maintain the same principle place of abode as the child for at least half the year following the birth or adoption.

After Childbirth or Adoption:

- 1) Notify SSA: As part of the new child's application for a social security number, parents would inform SSA of their intent to draw on their Paid Parental Leave benefit by providing
 - a. Child's name and date of birth or adoption,
 - b. An attestation that they have applied for a social security number for their child,
 - c. The number of months of leave (one, two, or three) they will be taking, and
 - d. The amount, if any, of paid leave benefits they will be receiving from their state or employer.
- 2) Receive Payment:
 - a. As long as applications are submitted on time, SSA would direct deposit the first month's benefit within two weeks of receiving the second half of the application.
 - b. If the initial application step is received after the deadline, the payments could be delayed as the SSA verifies the authenticity of the application and ensures parents meet the qualifications.
 - c. Recipients may elect to return to work one or two months early by informing SSA, so that their benefit may be appropriately reduced.

Benefit Description:

- 1) Amount:
 - a. Eligible parents could take their parental leave benefits in increments of one, two, or three months. They would repay Social Security by postponing the activation of their retirement benefits by two months for every one month of parental leave taken.
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- b. The benefit amount would be determined by Social Security's Primary Insurance Amount ("PIA") based on their qualifying wages. Below is an example of the wage replacement rate for those under 400% of the Federal Poverty Level for a single parent having his or her first child.

	100% FPL	200% FPL	300% FPL	400% FPL
Individual's Yearly Income	\$16,910	\$33,820	\$50,730	\$67,640
Monthly Income net Federal Taxes	\$1,301	\$2,598	\$3,745	\$4,877
Monthly Gross Wages	\$1,409	\$2,818	\$4,227	\$5,637
PIA Monthly	\$960	\$1,411	\$1,861	\$2,303
Percentage of PIA as compared to income net tax	74%	54%	50%	47%
Percentage of PIA as compared to gross wages	68%	50%	44%	41%

- c. The federal benefit could supplement state, local, or employer paid leave benefits up to the level of 100% of wages (see benefit cap under Limitations).

2) Limitations:

- a. The benefit could not be taken during such time as the applicant is still working.
- b. Parents could receive federal Paid Parental Leave benefits in conjunction with paid benefits from other levels of government or from employers, but they could not raise the total wage replacement rate above 100% of the individual's lifetime Average Indexed Monthly Earnings (AIME). Once parents receive additional benefits that cause all total benefits to rise above that level, SSA would reduce the federal benefit accordingly.
- c. The federal benefit period must be continuous and must begin within 90 days of birth or adoption.

3) Safeguards:

- a. SSA could conduct an audit of any individual who has received the Paid Parental Leave benefit to ensure that they were appropriately qualified, took off work as required, satisfied the requirement to live with the child more than 50% of the time in the first year following birth or adoption, and accurately reported their wages and additional Paid Parental Leave benefits. Should the audit find they have not, SSA would be authorized to recover inappropriate benefits.