

# United States Senate

WASHINGTON, DC 20510

February 22, 2021

The Honorable Charles E. Schumer  
Majority Leader  
U.S. Senate  
S-221 U.S. Capitol  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Minority Leader  
U.S. Senate  
S-230, U.S. Capitol  
Washington, D.C. 20510

Dear Leader Schumer and Leader McConnell,

As the 117<sup>th</sup> Congress starts, we write to highlight the urgent need for a fix to a flaw in the Social Security Average Wage Index that has been triggered by the pandemic resulting in the “Social Security COVID Benefit Cut.”<sup>1</sup> If Congress does not act on a fix, millions of Americans could see thousands of dollars less in lifetime Social Security benefits because they happened to be born 60 years prior to this historic crisis.

The Average Wage Index (AWI) used by the Social Security Administration (SSA) is intended to account for wage growth over time when calculating benefits, by indexing past earnings to the AWI in the year a beneficiary turns 60. The formula, though, is flawed because policymakers did not predict the unprecedented economic situation the nation faced last year. Similar to how other elements of the Social Security program are calculated— such as the taxable maximum and the Cost of Living Adjustment – AWI policy needs to be modified to not allow a decline in AWI for purposes of calculating Social Security benefits. It is highly likely policymakers never intended this result because they never contemplated the current economic situation’s impact on AWI.

A decline could result in retirees who turned 60 in 2020 receiving lifetime benefits that are thousands of dollars less than what they would have otherwise received, or even would have received if there had been no change in the AWI. Four million Americans were born in 1960 and thus turned 60 last year. Others whose spousal benefits or disability benefits are indexed to the 2020 AWI would also be adversely impacted.

The first of those affected will start claiming benefits in January 2022. If Congress waits to act in fixing this issue, Americans nearing retirement age will spend all year uncertain of whether they will be able to retire as planned, or what their benefit levels will be.

We strongly urge that you address this issue at the earliest possible opportunity and ensure that millions of Americans are not adversely impacted simply because of the year they were born.

Sincerely,



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Tim Kaine  
United States Senator



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Bill Cassidy, M.D.  
United States Senator

/s/ Debbie Stabenow

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Debbie Stabenow  
United States Senator

/s/ Joni K. Ernst

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Joni K. Ernst  
United States Senator

/s/ Sherrod Brown

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Sherrod Brown  
United States Senator

/s/ Susan M. Collins

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Susan M. Collins  
United States Senator

/s/ Robert P. Casey, Jr.

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Robert P. Casey, Jr.  
United States Senator

/s/ Shelley Moore Capito

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Shelley Moore Capito  
United States Senator

/s/ Jack Reed

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Jack Reed  
United States Senator

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<sup>i</sup> Waggoner, John. "Born in 1960? Your Social Security Retirement or Disability Benefits Could Take a Hit." AARP. November 18, 2020. <https://www.aarp.org/retirement/social-security/info-2020/pandemic-impacts-1960-birth-year-benefits.html>