



**SOCIAL SECURITY**  
Office of the Chief Actuary

March 31, 2020

The Honorable Kevin McCarthy  
Minority Leader  
United States House of Representatives  
Washington, D.C. 20515

Dear Minority Leader McCarthy:

This letter is in response to your request for estimates of the financial effects on Social Security of H.R. 5904, the “Clergy Act of 2020,” which you introduced on February 13, 2020. The estimates provided here reflect the intermediate assumptions of the 2019 Trustees Report.

Under current law, members of the clergy (any duly ordained, commissioned, or licensed minister of a church, a member of a religious order, or a Christian Science practitioner) have the option to exempt themselves from Social Security coverage. This exemption must be filed by the due date, including extensions, of the clergy member’s tax return for the second tax year in which they had at least \$400 in net earnings from self-employment, any of which came from ministerial services. In order to obtain this exemption, members of the clergy must certify that they are conscientiously opposed to the acceptance of public insurance that makes payments in the event of death, disability, old age, or retirement, for services performed as a member of the clergy.

This bill would allow members of the clergy who have been exempt a period in which they may revoke their exemption from Social Security coverage. Members of the clergy may apply to revoke their exemption at any time during the period that would start after the bill is passed and would end on the due date of the Federal income tax return for the applicant’s second taxable year beginning after December 31, 2020. Once the agreement to revoke an exemption from Social Security coverage is effective, the revocation could not be reversed.

Information shared with us by the Joint Committee on Taxation indicates that about 2,000 Form 4361 exemptions are accepted by the Internal Revenue Service each year. We roughly estimate that (1) there are about 40,000 members of the clergy in the United States who have exempted themselves from Social Security coverage, (2) average earnings for members of the clergy are 85 percent of the national average wage index (AWI), and (3) 5 percent of the clergy members who are currently exempted from Social Security coverage would elect to revoke their exemption by tax year 2022.

We estimate that enactment of this bill would have a negligible positive effect on the long-range OASDI actuarial balance (an increase of less than 0.005 percent of the 75-year present value of taxable payroll) and a negligible effect on each annual balance throughout the long-range period (as a percentage of taxable payroll for each year). In the near term, we estimate that enactment of this bill would result in an increase in OASDI payroll tax revenue, totaling roughly \$93 million for calendar years 2022 through 2028.

Please let us know if we may be of any further assistance on this or any other matter related to Social Security.

Sincerely,

A handwritten signature in black ink that reads "Stephen C. Goss". The signature is written in a cursive style with a large, stylized 'S' at the beginning.

Stephen C. Goss, ASA, MAAA  
Chief Actuary