

Excess Withholding of Government Pension Offset

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to identify and pay spousal beneficiaries who had an excess withholding of Government Pension Offset (GPO).

Background

GPO reduces monthly Social Security benefits for spouses and surviving spouses who receive a pension based on their employment for a Federal, State, or local government not covered by Social Security. For beneficiaries who are subject to GPO, SSA records on the Master Beneficiary Record (MBR), the pension start date, monthly pension amount, offset amount, and date of any expected pension increases. The GPO reduction is generally two-thirds of the government pension. If two-thirds of the government pension is equal to, or more than, the monthly spousal benefit amount, the beneficiary will not receive their spousal benefits and SSA will place the beneficiary in suspended payment status.

We identified 7,794 spousal beneficiaries who, according to the MBR, did not receive a monthly benefit amount because of GPO. However, some benefits could be payable because their current monthly benefit amount exceeds their current GPO amount by at least \$100.

Findings

SSA needs to improve its controls to identify and pay spousal beneficiaries who have an excess withholding of GPO. Based on our random sample, we estimate that SSA improperly paid 1,013 beneficiaries approximately \$12.4 million in spousal benefits and had not verified and updated pension or GPO amounts on the MBR for 5,768 spousal beneficiaries. We also estimate that SSA will improperly pay the 1,013 spousal beneficiaries about \$2.5 million, annually unless it takes action to identify and correct these payments errors. Finally, 92 percent of the spousal beneficiaries with improper payments we identified were due underpayments SSA had not paid them.

Generally, these errors occurred because SSA employees had not resolved alerts that required they verify and update the MBR with current pension and GPO amounts. We also found that SSA employees recorded an incorrect pension and GPO amount on the MBR.

Recommendations

We recommend that SSA:

1. Verify and update the pension and GPO amounts for the 87 beneficiaries identified by our audit. In addition, if appropriate, establish overpayments and pay underpayments for these beneficiaries.
2. Ensure it generates systems alerts, as appropriate, for the remaining 7,794 spousal beneficiaries and that its employees timely resolve those alerts.

SSA agreed with our recommendations.