

Report Summary

Social Security Administration Office of the Inspector General

July 2012



Objective

To determine whether the Social Security Administration (SSA) took appropriate action when beneficiaries had not cashed their Social Security checks within 1 year.

Background

Individuals receiving Social Security benefit checks issued after September 30, 1989 may cash them up to 1 year after their issue date. After 1 year, the checks are non-negotiable. If the Department of the Treasury's records show a beneficiary did not cash a check, it returns the funds to SSA in the form of a limited payability credit in the 15th month after the check's issue date. SSA sends a letter to the beneficiary inquiring if the check was received and cashed. SSA reviews the records of beneficiaries who respond to the letter, and if appropriate, reissues the check. If the beneficiary does not respond to the letter or indicates a cashed payment, no action is required.

To view the full report, visit <http://www.ssa.gov/oig/AD/OBEPDF/A-09-10-20133>.

Beneficiaries Who Had Not Cashed Their Social Security Checks Within 1 Year (A-09-10-20133)

Our Findings

SSA needed to ensure it took appropriate action to reissue payments to eligible beneficiaries who had not cashed their Social Security checks. Based on our random sample of 250 beneficiaries, 202 (81 percent) were eligible for payment. As a result, we estimate that \$133.7 million in uncashed checks was payable to 140,977 beneficiaries.

This occurred because (1) SSA did not take corrective actions when beneficiaries or representative payees responded to SSA's letters, (2) representative payees may not have been meeting their responsibilities to beneficiaries in their care, (3) beneficiaries may not have been capable of managing their benefits when SSA issued the checks, (4) SSA did not send required letters to inform beneficiaries they had not cashed a check, and (5) SSA policy differences for uncashed benefit checks may have contributed to disparate results between Social Security beneficiaries and Supplemental Security Income recipients.

Our Recommendations

We recommended that SSA:

1. Take corrective action, as appropriate, to resolve and reissue payments to the 202 beneficiaries identified by our audit. Based on the results of the corrective action for the 202 beneficiaries, develop a cost-effective method to reissue payments to the estimated population of 140,977 beneficiaries who had not cashed their Social Security checks.
2. Remind employees to contact beneficiaries who respond to SSA's letter but do not provide complete information and issue replacement checks to eligible beneficiaries, as required.
3. Determine whether it should revise its method of contact when beneficiaries do not cash a check, particularly in those instances when representative payees have not cashed a check or when beneficiaries have not cashed several checks.

SSA agreed with Recommendation 2 but did not agree with Recommendations 1 and 3.