

Follow-up on Claims Denied Because Claimants Were Not Insured for Benefits

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration's (SSA) employees made the correct decisions when they denied retirement applications for claimants who did not appear to be insured for benefits but had covered earnings in the year of filing.

Background

This audit is a follow up to our 2016 review of *Retirement Claim Denials Because of Lack of Insured Status*.

Generally, to be insured for retirement benefits, a claimant must have 40 quarters of covered earnings and have attained age 62. SSA employees should not deny a retirement claim if the claimant is not insured for benefits at the time of filing but will become insured within 4 months and evidence of the earnings is available.

We obtained the records of 450,209 retirement claims filed between May 2014 and June 2023 that SSA employees determined the claimants lacked insured status. From this, we identified 4,077 claimants who may have been insured because they had 40 or more quarters of coverage in the year of filing.

Results

Of the 100 claimants in our sample, SSA employees denied retirement claims for 43 who alleged lag earnings when they filed their claims, were fully insured, and entitled to retirement benefits but employees did not consider their lag earnings. Despite reminders issued to employees after our prior review, employees denied the retirement claims because they determined the claimants lacked insured status; however, the claimants had lag earnings when they filed their claims.

Based on sample results, we estimate, from May 2014 to June 2023, employees denied retirement benefits to 1,753 claimants who were insured for benefits. Of these, 1,347 claimants were entitled to over \$3 million in retirement benefits.

Without controls and processes to ensure employees identify, review, and document lag earnings, SSA will continue denying millions of dollars in retirement benefits to claimants who should be receiving them. Depriving retired individuals of the benefits to which they are entitled could have a significant and harmful effect on beneficiaries, including financial hardship and emotional distress.

Recommendations

We recommend SSA take appropriate action to award retirement benefits to the claimants identified in our audit and establish controls to prevent future errors. SSA agreed to implement our recommendations.