

Retroactive Benefits Paid to Child Beneficiaries

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) properly paid retroactive payments to child beneficiaries receiving Old-Age, Survivors, and Disability Insurance benefits.

Background

To be eligible for benefits, a child must have a parent who (1) is retired or has a disability and is entitled to Social Security benefits or (2) has died after having worked long enough under Social Security to be insured. The child must be younger than 18, a full-time student age 18 or 19, or any age with a disability that began before the child turned age 22.

A child may receive retroactive benefits up to 6 months before the application filing date on the record of a retired or deceased number holder, or 12 months before the application filing date on the record of a number holder receiving disability benefits.

From 1 of 20 segments of the Master Beneficiary Record, we identified 31,836 child beneficiaries who may have been eligible for retroactive payments; whose initial benefit entitlements began after January 2005; and whose benefits were not terminated as of May 2024. From this population, we selected a random sample of 150 individuals for review.

Results

Of the 150 beneficiaries in our sample, SSA employees

- properly paid retroactive benefits to 104 beneficiaries (69 percent) and
- improperly paid retroactive benefits to 46 beneficiaries (31 percent).

We estimate SSA improperly under- or overpaid about 195,260 beneficiaries a total of approximately \$760 million because SSA employees improperly determined beneficiaries' retroactive benefit amount or benefit periods. We were unable to determine why employees incorrectly performed these functions.

Conclusion

SSA can improve the accuracy in determining retroactive benefits to child beneficiaries. Without improvements, the Agency will likely continue to incorrectly determine the retroactive benefits these beneficiaries are entitled to and, consequently, under- or overpay them.

When SSA underpays beneficiaries, the beneficiaries' financial well-being may be impacted. Conversely, when the Agency overpays beneficiaries, they are generally required to repay the overpayments, which can cause additional financial burdens on the beneficiaries and their families. When SSA underpays or overpays beneficiaries, the Agency must use resources to pay or recover the funds. Moreover, when beneficiaries are overpaid, the Agency may not be able to fully recover the funds. In addition, improper determinations may cause delays in the child beneficiaries' entitlements to Medicare benefits, which may result in their families incurring medical expenses that should have been covered by the child's Medicare benefits.

Recommendations

We recommended SSA pay any retroactive benefits to the beneficiaries as appropriate, and identify the factors that contribute to employee errors and implement appropriate corrective actions.

SSA agreed with our recommendations.