

Spouses and Widow(er)s Who Have Unverified Pensions

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) took appropriate follow-up actions when spouses and widow(er)s reported they would be entitled to a non-covered pension in the future.

Background

Government Pension Offset (GPO) reduces monthly Social Security benefits for spouses, divorced spouses, and widow(er)s who receive pension payments based on their own work for a Federal, state, or local government that were not subject to Social Security taxes under the *Federal Insurance Contributions Act*. A pension based on such employment is considered non-covered.

When a beneficiary is entitled to, but not receiving, a non-covered pension, SSA staff should document the expected future pension date of entitlement. If the expected entitlement date is within 1 year, SSA staff must document that date on the Master Beneficiary Record (MBR). However, if the entitlement date is more than 1 year in the future or unknown, SSA policy instructs staff to enter a date on the MBR of 1 year into the future. Specific follow-up actions are required each year until the beneficiary begins receiving the non-covered pension.

We analyzed data to identify beneficiaries whose future entitlement dates were either in the past, beyond 1 year in the future, or missing.

Results

SSA did not always take appropriate follow-up actions when spouses and widow(er)s reported they would be entitled to a non-covered pension in the future. Of the 244 beneficiaries we reviewed, the Agency did not complete follow-up actions, as required, for 32 beneficiaries. We concluded these deficiencies generally occurred because SSA does not have sufficient policies, procedures, and internal controls in place. As a result, SSA overpaid 12 beneficiaries approximately \$127,000. Based on our review, we estimate SSA overpaid 240 beneficiaries approximately \$2.5 million.

In addition, SSA staff did not appropriately update 286 beneficiaries' future pension entitlement dates. The process requires manual inputs, which has an inherent risk of non-compliance because of human error. We determined SSA overpaid seven beneficiaries approximately \$969,000 through March 2022. We estimate SSA overpaid 140 beneficiaries approximately \$19.4 million because their future pension entitlement dates were not documented and will overpay beneficiaries an additional estimated \$9.8 million over their lifetimes because administrative finality prevents SSA from taking corrective actions on these benefit payments. According to SSA, administrative finality prevents the Agency from retroactively applying GPO, calculating overpayments, and amending benefit amounts for future months in which it applies.

Recommendations

We made five recommendations to improve SSA's policies, procedures, and internal controls related to obtaining the pension status of beneficiaries who had previously stated they were eligible for a non-covered pension in the future. SSA agreed with our recommendations.

Agency Actions Resulting from the Audit

In June 2019, we provided SSA the names of the beneficiaries who had future pension entitlement dates that did not comply with its policy, and we confirmed they took appropriate action. Also, SSA issued an Administrative Message with instructions for completing follow-up actions for the status of non-covered pensions. Finally, SSA calculated and applied an overpayment for 1 of 12 beneficiaries we identified.