

Follow-up: Dually Entitled Beneficiaries Who Are Subject to the Windfall Elimination Provision and Government Pension Offset

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Office of Audit Report Summary

Objective

To determine the Social Security Administration's (SSA) progress in identifying and imposing the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) for dually entitled beneficiaries and evaluate the sufficiency of its planned systems controls to prevent and detect WEP and GPO overpayments to these beneficiaries.

Background

The *Social Security Act* includes two provisions that reduce Social Security monthly benefits paid to individuals who receive a pension based on Federal, State, or local government employment not covered by Social Security. WEP uses a modified benefit formula to eliminate a "windfall" from a wage earner's monthly Social Security retirement benefit. GPO reduces monthly Social Security benefits for spouses, divorced spouses, and widows who also receive a pension based on their own employment for a Federal, State, or local government not covered by Social Security.

We identified a population of (1) 7,409 dually entitled beneficiaries with GPO imposed on their spousal benefits and no WEP on their retirement benefit and (2) 8,127 dually entitled beneficiaries with WEP imposed on their retirement benefit and no GPO on their spousal benefit.

Findings

SSA had made progress in identifying and imposing WEP and GPO for dually entitled beneficiaries. However, SSA did not properly impose WEP and GPO for dually entitled beneficiaries who became entitled to benefits or started receiving a pension after our 2013 audit. Based on our random samples, we estimate SSA

- overpaid \$21.8 million in retirement benefits to 2,000 beneficiaries because it did not properly apply WEP,
- overpaid \$27.9 million in spousal benefits to 1,707 beneficiaries because it did not properly impose GPO, and
- did not record WEP exceptions on the Master Beneficiary Record (MBR) for 2,445 beneficiaries.

The periodic systems alerts SSA implemented in September 2016 did not identify all dually entitled beneficiaries who were subject to WEP and GPO. We estimate SSA overpaid these beneficiaries an additional \$231.9 million since our 2013 audit. Finally, unless SSA takes corrective action, it will continue overpaying them approximately \$46.4 million, annually.

Recommendations

We recommend that SSA:

1. Establish overpayments, as appropriate, for the 48 beneficiaries identified by our audit.
2. Record a WEP exception for the 33 beneficiaries identified by our audit.
3. Decide whether it should revise its rules on administrative finality to allow for the correction of WEP and GPO overpayments for the populations of dually entitled beneficiaries identified by our audits.

SSA agreed with our recommendations.