

Recovering Title II Overpayments Made to Childhood Beneficiaries

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Office of Audit Report Summary

Background

This report provides information on the Social Security Administration's (SSA) recovery of Title II overpayments made to childhood beneficiaries and the individuals responsible for repaying the debt.

In July 2015, we reported on SSA's collection of Federal debt that was delinquent 10 years or longer. We also discussed that some of these debts belonged to former childhood beneficiaries who protested the withholding of their Federal and State income tax refund to recover a delinquent SSA debt 10-years-old and older. The former childhood beneficiaries stated they did not directly receive the overpaid benefits because they were minors who received auxiliary benefits on a parent's record. A childhood beneficiary also questioned why SSA selected only certain individuals for an income tax withholding when there were multiple auxiliaries on a benefit record. Our prior review found that SSA correctly selected and properly referred the debts to the Department of the Treasury, as allowed under laws and regulations. We also found that SSA selected only qualified debts.

For this review, we identified 76,984 Title II childhood beneficiaries for whom SSA established 113,633 overpayment events when they were minors—under age 18. SSA established these overpayment events between June 1993 and September 2015.

Summary

SSA considers beneficiaries under age 18 as minor children and, with exceptions, will appoint a representative payee to receive and manage their benefits. SSA policy further prohibits children under age 15 from directly receiving benefits. SSA must appoint a representative payee for these children.

Although SSA issues minor children's benefits to a representative payee, generally, overpaid childhood beneficiaries are equally liable for repaying an overpayment. The overpaid person, his/her representative payee, and any other person receiving benefits on the same Social Security record as the overpaid person may be liable for repaying an overpayment. When SSA presumes childhood beneficiaries are equally liable for repaying an overpayment, SSA will use its authorized and available collection tools to recover the debt. These tools include requesting a full, immediate refund; adjusting current and future Social Security benefits; entering into an installment agreement; or recovering delinquent debts through the External Collection Operation process.

Some childhood beneficiaries may not be aware of a prior overpayment until SSA attempts a future collection of the debt. When SSA terminates its collection efforts, it has deemed the debt temporarily unrecoverable, and the overpayment will remain on the benefit record for collection when a future recovery method is available. However, if an individual was a minor when SSA found the overpayment, SSA would have addressed the original overpayment notice to the representative payee. As such, a former childhood beneficiary may not be aware of the debt until SSA attempts to recover the overpayment in the future. SSA generally resumes its collection efforts through its External Collection Operation process, voluntary repayment of the debt, or adjustment of future Social Security benefits.