Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Follow-up on Disabled Beneficiaries Who Are Eligible for Higher Retirement Insurance Benefits

012320 September 2026

MEMORANDUM

Date: September 25, 2026 **Refer to:** 012320

To: Frank Bisignano
Commissioner

From: Michelle L. Anderson
Assistant Inspector General for Audit as First Assistant

Subject: Follow-up on Disabled Beneficiaries Who Are Eligible for Higher Retirement Insurance Benefits

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration notified disabled beneficiaries with workers' compensation or public disability offset that they may have been eligible for higher Retirement Insurance Benefits in accordance with policy.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Jeffrey T. Brown, Deputy Assistant Inspector General for Audit.

Attachment

Follow-up on Disabled Beneficiaries Who Are Eligible for Higher Retirement Insurance Benefits 012320

September 2026 **Office of Audit Report Summary**

Objective

To determine whether the Social Security Administration notified disabled beneficiaries with workers' compensation or public disability benefit offset that they may have been eligible for higher Retirement Insurance Benefits in accordance with policy.

Background

The *Social Security Act* (Act) requires that SSA reduce Social Security disability benefits when a beneficiary receives workers' compensation (WC) or a Public Disability Benefit (PDB). However, WC/PDB does not reduce SSA retirement benefits. Thus, when disabled beneficiaries reach age 62, SSA employees must determine whether they are eligible for higher retirement benefits and notify beneficiaries as early as possible about their option to file. The application filing date sets the earliest month of entitlement, as SSA can only pay retirement benefits retroactively to that month. Delays may result in lost benefits. Starting February 13, 2026, SSA employees must present filing options without offering advice and document these discussions, as beneficiaries' decisions can impact their benefits.

From a population of 35,185 disabled beneficiaries, we reviewed a sample of 125 beneficiaries from the Master Beneficiary Record who attained age 62 from January 1, 2018 through December 31, 2022 and whose disability benefits were offset by WC/PDB.

Results

Of the 125 beneficiaries we sampled, SSA employees were not required to notify 53 (42 percent) because their disability benefits after WC/PDB offset were higher than the retirement benefits. Employees were required to notify 72 (58 percent); however, they did not notify 31 beneficiaries (25 percent). Employees were required to notify the remaining 41 (33 percent) beneficiaries and did so, as required.

Of the 41, 5 beneficiaries elected—and SSA correctly paid them—higher retirement benefits, and 6 did not elect higher retirement benefits because doing so would have disadvantaged them. However, employees did not document the remaining 30 beneficiaries' reasons for not filing, document beneficiaries' decisions not to file, or correctly pay some beneficiaries who elected retirement benefits the higher benefits they were due. We could not determine why employees did not fully inform, or correctly pay, these beneficiaries. Based on our sample, we estimate SSA did not notify 8,726 beneficiaries and notified 3,659 beneficiaries but did not appropriately document their decisions not to file or reasons they did not file. We estimate these beneficiaries could have been entitled to about $84 million in additional benefits. However, SSA cannot take actions to pay them because of restrictions on retroactivity, a lack of responses from beneficiaries or documentation regarding their reasons for not filing, and/or SSA employees not informing beneficiaries about their option to file for higher retirement benefits. SSA may be able to pay about $41 million to 4,785 beneficiaries because they had already filed for retirement benefits.

Conclusion

SSA has the opportunity to enhance its customer service to disabled beneficiaries by ensuring it fully informs them of their filing options and, once elected, accurately pays the higher benefits. In doing so, SSA can help beneficiaries secure stronger financial positions in retirement.

Recommendations

We made four recommendations for SSA to correct records, implement a process to identify those who elected higher retirement benefits but received lower disability payments, improve controls, and clarify policies. SSA agreed to implement our recommendations.

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ABBREVIATIONS

C.F.R.	Code of Federal Regulations
OIG	Office of the Inspector General
PDB	Public Disability Benefit
POMS	Program Operations Manual System
SSA	Social Security Administration
U.S.C.	United States Code
WC	Workers' Compensation

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) notified disabled beneficiaries with workers' compensation or public disability benefit (WC/PDB) offset that they may have been eligible for higher Retirement Insurance Benefits in accordance with policy.

BACKGROUND

The *Social Security Act* provides monthly benefits to disabled workers and eligible family members.[1] When a beneficiary is receiving WC/PDB, the Act requires that SSA reduce their disability benefit.[2] However, WC/PDB does not reduce retirement benefits (see Table 1).[3] Thus, when disabled beneficiaries become eligible for retirement benefits, they "should consider the option to file for [retirement benefits]."[4] In limited situations, disability benefits may be more advantageous than retirement benefits because some states reduce state disability payments for beneficiaries who file or receive retirement benefits (see Appendix A).[5]

Table 1: WC/PDB Reductions Based on Benefit Type

Benefit	Is the Benefit Subject to Reduction WC/PDB Offset?	Is the Benefit Subject to Reduction for Filing Before Full Retirement Age?
Disability Benefits	Yes	No
Retirement Benefits	No	Yes
Concurrent Disability and Retirement Benefits	No, if the beneficiary elects retirement benefits instead of disability benefits	Yes, but months of entitlement to disability benefits are excluded from the reduction calculation

Note: If a beneficiary first receives retirement benefits and later becomes entitled to disability benefits, SSA removes the early retirement reduction for months when both benefits overlap at the beneficiary's full retirement age. However, SSA also reduces the beneficiary's disability amount to account for months they were entitled to retirement before they became entitled to disability.

[1] 42 U.S.C. § 423; 42 U.S.C. § 402(b), (c), and (d).

[2] 42 U.S.C. § 424a.

[3] 42 U.S.C. § 424a; SSA, *POMS,* DI 52101.001 (September 18, 2018).

[4] SSA, *POMS,* DI 52150.030 (March 18, 2026).

[5] SSA, *POMS,* DI 52120.265 (July 9, 2026).

Depending on the circumstances, a beneficiary may be entitled to reduced retirement and disability benefits concurrently.[6] The *Social Security Act* requires that SSA reduce retirement benefits for individuals who file before their full retirement age.[7] When the beneficiary reaches full retirement age, SSA excludes the months the beneficiary was entitled to disability benefits from the reduction calculation for retirement benefits and automatically increases the benefit amount.[8]

When a disabled beneficiary is age 61 and 9 months and a WC/PDB reduction is involved, SSA's systems generate a one-time-only alert. To address the alert, SSA employees must compare the retirement benefit amount payable to the beneficiary and their family with the disability benefit amount after offset and notify the beneficiary if it could be advantageous for them to file for retirement benefits.[9]

Before February 13, 2026, Agency employees were ". . . responsible for explaining the advantages and disadvantages of filing an application so that the individual can make an informed filing decision."[10] Effective February 13, 2026, SSA no longer requires that employees explain the advantages and disadvantages of filing an application. However, employees are still required to explain the available filing options so the claimant can make an informed decision without the employee influencing their decision.[11] If the beneficiary is eligible for more than one type of benefit—for example, both disability and retirement benefits—employees must explain to the beneficiary the impact their decision to file a claim may have on current or future benefits.[12] While policy instructs employees to obtain a retirement claim if the benefit is higher,[13] the decision to file belongs solely to the beneficiary.[14] If a beneficiary chooses not to file for the higher benefit, SSA employees must document the discussion and the beneficiary's reason for not filing on the Evidence screen in SSA's shared processes.[15] SSA policy does not instruct employees on what actions to take when beneficiaries do not respond to SSA's notification, although SSA added links to other policies on direct contact and follow up with beneficiaries during our audit.[16]

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[6] SSA, *POMS*, RS 00615.110, B.3 (December 6, 2023).

[7] 42 U.S.C. § 402(q).

[8] SSA, *POMS,* RS 00615.482, B.4 (August 6, 2024).

[9] SSA, *POMS,* DI 52150.030, A.1 and A.2 (March 18, 2026).

[10] SSA, *POMS*, GN 00201.005, C.1 ARCHIVED (September 18, 2013 to February 12, 2026).

[11] SSA, *POMS,* GN 00203.001 (February 13, 2026), GN 00203.002 (February 13, 2026), and GN 00203.004 (February 13, 2026).

[12] SSA, *POMS,* GN 00203.002, G (February 13, 2026).

[13] SSA, *POMS,* DI 52150.030, B.4 (March 18, 2026).

[14] SSA, *POMS,* GN 00203.002, G (February 13, 2026).

[15] SSA, *POMS*, DI 52150.030, B.5 (March 18, 2026).

[16] SSA, *POMS*, DI 52150.030, E (March 18, 2026).

SSA reduces retirement benefits for each month before full retirement age a beneficiary receives benefits.[17] Because of the reduction for age, SSA limits entitlement to early retirement benefits to no earlier than the month of filing.[18] As such, delays in filing result in the loss of potential benefits when SSA cannot pay the applicant retirement benefits for months before they filed.

Once the beneficiary files an application for retirement benefits, the beneficiary will remain technically entitled to disability benefits for the period and may elect to switch back and forth between disability and retirement benefits.[19] In addition, when the beneficiary attains full retirement age, SSA automatically increases the retirement benefit amount for months the beneficiary was entitled to disability benefits.[20]

PRIOR AUDIT

In a January 2015 review, we recommended SSA improve its controls to ensure it informs disabled beneficiaries when they are eligible for higher retirement benefits or document the reason beneficiaries did not elect higher retirement benefits.[21] SSA agreed to implement our recommendation. In Fiscal Year 2017, the Agency automated its process for identifying and notifying disabled beneficiaries who may be eligible for retirement benefits by issuing notices each March and October. For additional information, see Appendix B.

METHODOLOGY

From the Master Beneficiary Record, we identified 35,185 insured disabled beneficiaries who attained age 62 between January 1, 2018 and December 31, 2022 and whose disability benefits were offset by WC/PDB. Of these, we reviewed a sample of 125 beneficiaries to determine whether SSA appropriately notified them when they were eligible for higher retirement benefits. We also determined whether SSA established system alerts for employees to notify these beneficiaries and the employees took the appropriate actions to address them. See Appendix C for details on our scope and methodology.

RESULTS OF REVIEW

Of the 125 beneficiaries we sampled, SSA employees were not required to notify 53 (42 percent) because their disability benefits after WC/PDB offset were higher than the retirement benefits they would have been entitled to receive. However, employees were required to notify 31 beneficiaries (25 percent) but did not do so. Employees were required to notify the remaining 41 (33 percent) beneficiaries and did so.

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[17] 42 U.S.C. § 402(q); 20 C.F.R. § 404.410.

[18] 20 C.F.R. § 404.621(a)(3); SSA, *POMS,* GN 00204.030 (June 11, 2026).

[19] SSA, *POMS,* RS 00615.110 (December 6, 2023).

[20] SSA, *POMS,* RS 00615.482, B.4 (August 6, 2024).

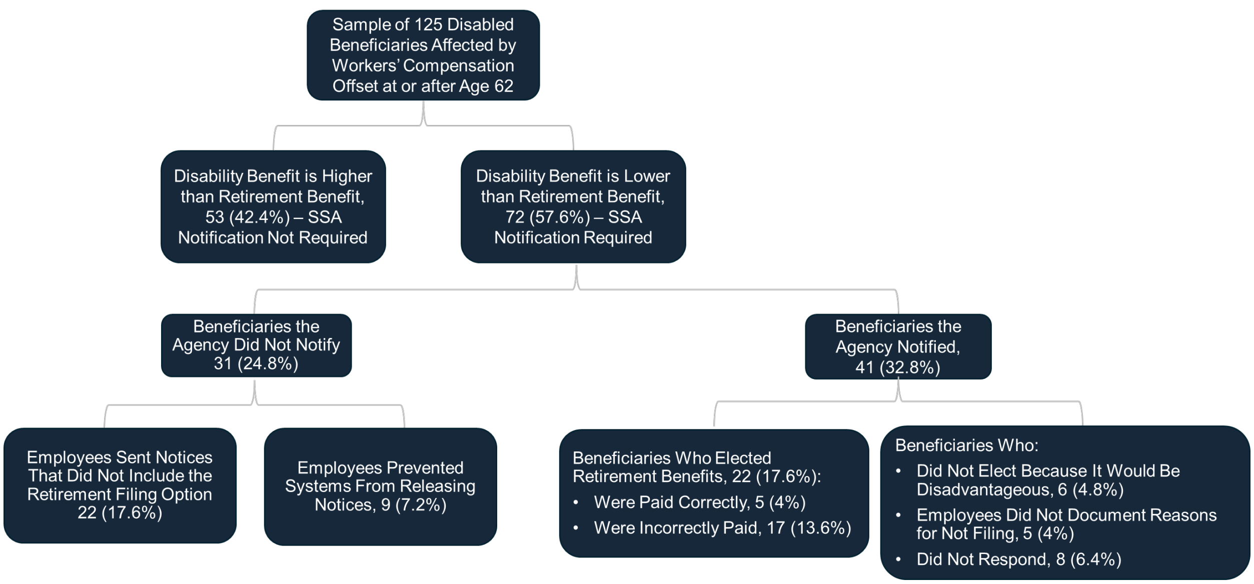
[21] SSA, OIG, *Disabled Beneficiaries Who Are Eligible for Higher Retirement Benefits, A-09-13-23054* (January 2015).

Of the 41 beneficiaries, 5 elected higher retirement benefits, which SSA paid correctly, and 6 did not elect higher retirement benefits because doing so would have disadvantaged them. However, of the remaining 30 beneficiaries, employees did not

- document 5 beneficiaries' reasons for not filing,
- document 8 beneficiaries' decisions to not file, and
- correctly pay 17 beneficiaries—who elected retirement benefits—the higher benefits they were due.

Despite the actions SSA took in response to our prior audit, the Agency did not ensure employees appropriately informed all disability beneficiaries when they were eligible for higher retirement benefits.[22] See Figure 1 for sample review results. We could not determine why employees did not (1) fully inform these beneficiaries of their option to file applications for higher early retirement benefits or (2) correctly pay higher retirement benefits to beneficiaries who elected them.

Figure 1: Notification Outcomes from Sample Review



Based on our sample results, we estimate SSA did not notify 8,726 beneficiaries and notified, but did not appropriately document decisions not to file or reasons for not filing for 3,659 disability beneficiaries that may have been entitled to higher retirement benefits. We estimate these beneficiaries could have been entitled to about $84 million in additional benefits (see Appendix D).

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[22] SSA, OIG, *Disabled Beneficiaries Who Are Eligible for Higher Retirement Benefits, A-09-13-23054* (January 2015).

However, SSA cannot take actions to pay them because of restrictions on retroactivity, a lack of responses from beneficiaries or documentation regarding their reasons for not filing, and/or SSA employees not informing beneficiaries about their option to file for higher retirement benefits. SSA could provide better customer service if it determines whether employees fully informed the beneficiaries of their option to file for retirement benefits.

SSA may be able to pay about $14 million owed to 2,533 eligible beneficiaries, once they elect retirement benefits, because they had already filed for them. SSA may also be able to correct processing errors that, when corrected, could result in about $26 million in underpayments to 2,252 beneficiaries.

Beneficiaries the Agency Did Not Notify

SSA policy and the employee training materials state employees should develop the retirement claim whenever entitlement would provide a higher benefit payment by contacting the beneficiary or sending a request for assistance to the servicing field office.[23] Before February 13, 2026, policy required that employees explain the advantages and disadvantages of filing an application so the individual can make an informed filing decision. The decision to file belongs solely to the beneficiary.[24]

Despite SSA's system generating alerts, employees did not notify 31 beneficiaries in our sample—whose disability benefits were reduced because of WC/PDB offset—that they could file claims to receive higher early retirement benefits.[25] Of the 31 beneficiaries, SSA employees sent notices to 22 beneficiaries, but those notices did not include language that informed beneficiaries of the option to file for retirement benefits.[26] Policy provides paragraphs that employees can include in notices to inform beneficiaries of the retirement benefit option.[27] However, we could not determine—and SSA subject-matter experts could not explain—why employees did not include the language. In addition, SSA employees made inputs that prevented SSA's systems from releasing the notices to the remaining 9 beneficiaries. Because employees did not document why they did not release the notices, we could not determine, and SSA subject-matter experts could not explain, why employees prevented SSA's systems from releasing the notices. See the example below.

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[23] SSA, *POMS*, DI 52150.030 (March 18, 2026). SSA, *Claims Specialist Basic Training Curriculum*, SSA Pub. No. 25-1690, p. 519 (June 2019).

[24] SSA, *POMS,* GN 00201.005, C.1 ARCHIVED (September 18, 2013 to February 12, 2026).

[25] SSA, *POMS*, DI 52150.030 (March 18, 2026) and SM 00619.057 (November 20, 2014).

[26] SSA, *POMS*, DI 52140.010, A (September 13, 2017), GN 03001.015 (July 16, 2004), and NL 00720.395 (January 31, 2018).

[27] SSA, *POMS*, NL 00720.395 (January 31, 2018).

Example. A Louisiana woman began receiving disability benefits in May 2019, which SSA completely withheld because of WC offset. The earliest she could have received retirement benefits was October 2021, the first month she was 62 throughout the entire month. When SSA employees last took actions to update the beneficiary's WC offset amount in February 2024, they sent her notices to explain the offset but did not include information about the option to file for early retirement benefits. We estimate she could have been entitled to approximately $50,000 in retirement benefits from October 2021 through June 2026—compared to just over $11,000 in disability benefits SSA paid her—had she filed a retirement claim. Without evidence that SSA informed her of her options, we cannot know whether the beneficiary was aware she was eligible for retirement benefits and chose not to file for them.

We shared this case with SSA in June 2025, but, as of June 2026, SSA had not notified her. The beneficiary reached full retirement age in July 2026 and cannot claim the additional benefits because SSA limits entitlement for early retirement benefits to the month of filing. SSA could have provided better customer service to the beneficiary by informing her of the option to file an application before she reached full retirement age.

Had SSA employees notified these disabled beneficiaries, and they elected the higher early retirement benefits, they could have received approximately $305,000 in additional benefits.

As of December 2024, these beneficiaries were ineligible to claim higher retirement benefits because SSA limits entitlement to early retirement benefits to the month of filing.[28] When SSA employees do not notify beneficiaries of potential higher early retirement benefits per policy, SSA will not be able to pay disabled beneficiaries additional retirement benefits.

In some situations, SSA can revise its decisions if it determines it provided ". . . information that was not correct, complete or accurate or was misleading which . . . [deters] an individual from applying for. . . benefits."[29] According to regulations, SSA employees must provide the information in response to a specific request from the beneficiary about their eligibility for benefits. Because SSA did not notify these beneficiaries, they may not have been aware of their option to file for higher retirement benefits or have known to contact SSA to inquire about their eligibility. As such, despite employees not contacting these beneficiaries, the *Social Security Act* and regulations do not allow SSA to take any action because the beneficiaries did not reach out to the Agency.

Based on our sample results, we project SSA did not notify 8,726 disabled beneficiaries. Had SSA timely notified these beneficiaries, and they elected higher early retirement benefits, these disabled beneficiaries could have received almost $57 million in additional benefits.

[28] 20 C.F.R. § 404.621(a)(3); SSA, *POMS,* DI 52150.030 (March 18, 2026) and GN 00204.030 (June 11, 2026).

[29] 20 C.F.R. § 404.633(c). Sections 402(j) and 1631(e) of the *Social Security Act* provide relief to a claimant who lost benefits because they failed to file an application timely because an SSA employee misinformed them. According to the Code of Federal Regulations, for SSA ". . . to find that the information [an individual] received was incomplete, the employee must have failed to provide…the appropriate, additional information which he or she would be required to provide in carrying out his or her official duties." In such cases, SSA ". . . should initiate development and make misinformation determinations."

Beneficiaries the Agency Notified

SSA employees informed 41 beneficiaries (33 percent) in our sample, in notices or during interviews, about their options to file for higher retirement benefits, as required. Five beneficiaries elected and were paid higher retirement benefits. In addition, six did not elect higher retirement benefits because doing so would have disadvantaged them (see Appendix A). Of the remaining 30 beneficiaries,

- 5 did not elect higher retirement benefits and, although employees documented the beneficiaries' decisions, they did not document their reasons for not filing, as required;
- we could not determine whether 8 beneficiaries received SSA's notices and decided not to file because there was no evidence that they responded to SSA's notification efforts; and
- 17 elected higher retirement benefits, but SSA employees did not correctly pay them the higher retirement benefits they were due.

Documenting Beneficiaries' Reasons for Not Filing

SSA policy states employees must (1) discuss the results of the comparison between disability benefits after offset and reduced retirement benefits and when a beneficiary decides not to file for the higher retirement benefits and (2) document the reason for not filing.[30] Documenting the discussion of a beneficiary's election is important because it provides proof the SSA employee informed the beneficiary of the impact of their decision on current or future benefits.

Five beneficiaries decided not to file for retirement benefits; however, we could not determine why because employees did not adequately document the discussions or the beneficiaries' reasons for not filing, as required by policy. Without the documentation to support the reasons beneficiaries did not file for retirement benefits, neither we nor SSA subject-matter experts could determine whether employees explained their filing options and the impact of their decision on current or future benefits.[31] We estimate these five beneficiaries may have been entitled to approximately $65,000 in additional benefits had they filed retirement applications. See the following example.

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[30] SSA, *POMS,* DI 52150.030, B.3 and B.5 (March 18, 2026).

[31] SSA, *POMS,* GN 00203.002, G (February 13, 2026).

Based on the sample results, we estimate 1,407 disability beneficiaries could have been entitled to higher retirement benefits but did not file for them. These beneficiaries may have missed out on about $9 million in additional benefits that are no longer available to them based on the rules of retroactivity.[32] Without documentation, we cannot know whether SSA employees informed the beneficiaries of the financial impact their decision would have on current or future benefits.

Policy requires that employees discuss the results of the comparison between disability benefits after offset and reduced retirement benefits.[33] Because we could not find documented benefit comparisons, we could not determine whether the information SSA employees provided was sufficient for beneficiaries to make informed filing decisions.

Follow up with Beneficiaries Who Did Not Respond

SSA sent notices informing eight disabled beneficiaries they may be entitled to higher retirement benefits (see Appendix E for an example of a SSA notice); however, there was no evidence in SSA's records that they responded to SSA's notification efforts. When beneficiaries do not respond, SSA cannot document their decision or their reason for not filing, as required by policy. Without documentation, we could not determine whether these beneficiaries received SSA's notices, were aware of the impact not filing for the higher benefits may have had on their current or future benefits, and deliberately did not file for retirement benefits.

Subject-matter experts from the Office of Field Operations indicated it was up to the beneficiary to contact SSA to discuss their options. We estimate these eight may have been entitled to approximately $63,000 in additional benefits had they filed retirement applications.

[32] SSA, *POMS,* DI 52150.030 (March 18, 2026).

[33] SSA, *POMS,* DI 52150.030, B.3 and B.5 (March 18, 2026).

SSA's policy on offering the retirement option states the Agency must document both the discussion and the reason for not filing, which relies on the beneficiary responding to SSA notification and participating in the required discussion. However, the policy does not specify how employees should handle situations in which disabled beneficiaries do not respond to employees' attempts to contact them about their potential eligibility for higher retirement benefits. SSA has policy on contacting beneficiaries by telephone and mail. The policy requires that employees store copies of notices, establish diaries, and annotate SSA systems on follow-up efforts.[34] However, SSA's policy does not instruct employees to follow these procedures when disabled beneficiaries do not respond to the Agency's attempts to contact them about their potential eligibility for higher retirement benefits. Policy subject-matter experts acknowledged that adding cross-references to other policies and aligning some policies would make clearer to technicians how to handle non-responders.

Based on the sample results, we estimate SSA sent notices informing 2,252 disabled beneficiaries that they may be entitled to higher retirement benefits; however, there was no evidence in SSA's records they responded to SSA's notification efforts. Had the beneficiaries filed retirement applications, they could have been entitled to approximately $18 million in additional benefits had they chosen to file retirement applications.

Paying Higher Benefits to Beneficiaries Who Elected Retirement Benefits

After disabled beneficiaries elect retirement benefits, SSA policy instructs employees to pay the higher benefit amount unless a beneficiary confirms in writing that they want to receive the lower benefit amount. Of our sampled 17 disability beneficiaries, 9 elected retirement benefits; however, SSA did not pay them the higher retirement benefits they were due, as required by policy. We did not find written statements from the beneficiaries or other evidence to support that they selected the lower benefits.[35] This occurred when employees took actions to offset disability benefits for WC/PDB and continued paying the beneficiaries the lower disability benefit instead of the higher retirement benefit, which is not offset for WC/PDB. We could not determine, and SSA subject-matter experts could not explain, why employees did not follow policy. See the following example.

Example. A beneficiary from California became entitled to $1,135 per month in early retirement benefits beginning June 2018. In May 2019, she applied for disability benefits, and, in October 2020, SSA determined she was entitled to disability benefits beginning August 2018. Since the beneficiary reported they were receiving California PDB, an SSA employee processed the disability award with WC/PDB offset from August 2018 through January 2019. This reduced her benefits to $572 per month less than the retirement benefits SSA should have paid her. As a result, SSA underpaid the beneficiary about $4,400 by incorrectly calculating retroactive benefits.

[34] SSA, *POMS*, GN 01070.315 (August 18, 2023).

[35] SSA, *POMS,* RS 00615.110, B.2 (December 6, 2023).

In total, SSA may have underpaid these nine beneficiaries about $49,000 for months their retirement benefits were higher than their disability benefits. Based on the sample results, we estimate 2,533 disability beneficiaries elected higher retirement benefits; however, SSA continued paying them the lower disability benefits after offset. SSA should take action to pay them the additional $14 million we estimate they are due.

For the remaining eight beneficiaries, SSA made errors when they processed their entitlement to higher early retirement benefits, resulting in approximately $91,000 in underpayments.[36] We referred these cases to subject-matter experts, and, as of July 2026, SSA had not taken corrective action. Based on our sample results, we estimated that these processing errors accounted for about $26 million in underpayments to 2,252 beneficiaries.

CONCLUSION

SSA has the opportunity to enhance its customer service to disabled beneficiaries by ensuring it fully informs them of their filing options and, once elected, accurately pays the higher benefits. In doing so, SSA can help beneficiaries secure stronger financial positions in retirement.

RECOMMENDATIONS

To correct the errors, we identified in our review, we recommend SSA:

1. Correct the records for the 17 beneficiaries who elected early retirement benefits but SSA did not correctly pay benefits due.

2. Based on the characteristics of errors in our sample, implement a process to identify other disabled beneficiaries who elected higher early retirement benefits but SSA did not correctly pay benefits due.

To improve customer service, we recommend SSA:

3. Improve controls over employees' actions, such as implementing periodic reviews to identify and, as appropriate, fully inform disabled beneficiaries whom employees may not have notified of their filing options.

4. Clarify policies to instruct employees to develop and document actions on WC/PDB alerts, including how to follow up with beneficiaries who do not respond.

AGENCY COMMENTS

SSA agreed to implement our recommendations (see Appendix F). SSA also provided technical comments in response to our draft report, which we incorporated into this final report as appropriate.

[36] SSA, *POMS,* RS 00615.110 (December 6, 2023). Other issues involved incorrectly computed retirement Primary Insurance Amount and payable rates, awarded the incorrect first month of entitlement, and improperly adjusted reduction factors at full retirement age.

APPENDICES

Appendix A – EFFECTS OF RETIREMENT INSURANCE BENEFITS ON STATE DISABILITY BENEFITS

Of the 125 beneficiaries sampled, we found 6 would not benefit from electing early higher retirement benefits because of how Washington State treats beneficiaries who elect to receive retirement benefits while also receiving disability payments from Washington State (see the *Beneficiaries the Agency Notified* section for details). For these beneficiaries, SSA policy offers state-specific guidance that instructs employees to not routinely secure retirement claims from beneficiaries at age 62 because their disability entitlement will usually continue to be more advantageous than the Retirement Insurance Benefit claim.[1] For Washington State, SSA policy instructs employees to inform beneficiaries willing to file for retirement benefits that they should, before electing retirement benefits, contact the Washington Department of Labor and Industries to determine any changes that may occur in the workers' compensation benefit.

Based on this exception, we determined whether filing for, or receiving, early retirement benefits affect the consideration of early retirement benefits as a workers' compensation/public disability benefit offset mitigation strategy. As Table A–1 shows, we determined that filing for early retirement benefits generally does not disadvantage beneficiaries. There are five states where SSA should require its employees to exercise caution and provide state specific guidance for the affected beneficiaries, as it does for the Washington Department of Labor and Industries benefit recipients.

Table A–1: States and Territories That Apply Offset Against Old-Age or Disability Insurance Benefits

State/Territory	POMS Section	Would Retirement Benefits affect State Disability Benefits?[2]	If yes, how?
Alaska	DI 52120.010, E	Yes	If received
California	DI 52120.030, E	No	
Colorado	DI 52120.035	No	
Florida	DI 52120.055, E	No	
Hawaii	DI 52135.070 DI 52120.070, D	No	
Illinois	DI 52135.080 DI 52120.080, D	No	
Louisiana	DI 52120.105, D	No	
Minnesota	DI 52120.130, F.2	Yes	If filed or received
Montana	DI 52120.145, G	Yes	If received
Nevada	DI 52120.155, E	No	
New Jersey	DI 52120.165, E DI 52135.165	No	

[1] SSA, *POMS,* DI 52120.265, F.5 (July 9, 2026).

[2] State disability benefits include workers' compensation and public disability benefits paid by the state to beneficiaries based on their inability to work.

State/Territory	POMS Section	Would Retirement Benefits affect State Disability Benefits?[2]	If yes, how?
New York	DI 52120.175, E DI 52135.175	No	
North Dakota	DI 52120.185, D	Yes	Affected by permanent total wage replacement, when awarded
Ohio	DI 52120.195, G	Yes	Complex; requires discussion with the beneficiary
Oregon	DI 52120.205, G	No	
Puerto Rico	DI 52135.215 DI 52120.215, G	No	
Washington	DI 52120.265, F	Yes	If received
Wisconsin	DI 52120.275	No	

Appendix B – PRIOR AUDIT FINDINGS

In our January 2015 review,[1] we concluded the Social Security Administration (SSA) needed to improve its controls to ensure it notifies disabled beneficiaries when they are eligible for higher retirement benefits. We estimated 17,137 disabled beneficiaries were eligible for higher retirement benefits totaling approximately $105.6 million. This occurred because SSA employees did not inform disabled beneficiaries when they were eligible for the higher retirement benefits or document the reasons beneficiaries did not elect higher retirement benefits, as required. From the 250 beneficiaries sampled,[2] we found SSA

- was not required to notify 101 (40 percent) beneficiaries because their retirement benefits were lower than their disability benefits,
- had not notified 66 (26 percent) beneficiaries when they were eligible for higher retirement benefits or documented the reason beneficiaries did not elect higher retirement benefits,
- notified 54 (22 percent) beneficiaries who elected higher retirement benefits, and
- notified 29 (12 percent) beneficiaries who did not elect the higher retirement benefits.

We recommended SSA:

1. Take appropriate action for the 66 beneficiaries identified by our audit.
2. Evaluate the results of its corrective actions for the 66 beneficiaries and take appropriate action to notify the remaining population of disabled beneficiaries who may be eligible for higher retirement benefits.
3. Improve controls to ensure disabled beneficiaries are informed when they are eligible for higher retirement benefits or document the reason beneficiaries did not elect higher retirement benefits.

SSA agreed with our recommendations and agreed to take action to improve controls over identification of potential entitlements. To comply, SSA automated its system of identification and notification to disabled beneficiaries who were potentially entitled to retirement benefits by releasing notices in March and October of each year. SSA's system also alerts employees of beneficiaries who receive Disability Insurance Benefits that are reduced for workers' compensation offset 2 months before they attain age 62.

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[1] SSA, OIG, *Disabled Beneficiaries Who Are Eligible for Higher Retirement Benefits, A-09-13-23054* (January 2015).

[2] In the prior audit, we combined beneficiaries SSA did not notify together with beneficiaries for whom SSA did not document the reason for rejection. For this audit, we found SSA reached out to several beneficiaries who did not respond. Therefore, we grouped the beneficiaries who did not respond to SSA's notification and those for whom SSA did not document their rejection with disabled beneficiaries who did not elect higher retirement benefits.

Follow-up Audit Sample Results Compared to Prior Audit Findings

SSA could improve the notification process for disabled beneficiaries, particularly those entitled before age 62, because our prior audit identified this group for improved beneficiary notification about potential eligibility for higher retirement benefits upon reaching age 62 (see Table B–1 and Appendix D, Table D–2 for a detailed breakdown).

Table B–1: Breakout of Follow-up Audit Sample Review

Disabled Beneficiaries Initially Entitled to Benefits	Beneficiary Count	Beneficiaries Requiring SSA Notification	Potential Additional Benefits	Total Potential Additional Benefits	Proportional Projections
Before Age 62	90	51	$464,606	83.5%	$104,198,610
After Age 62	35	21	$107,164	16.5%	$20,534,697
Total	**125**	**72**	**$571,770**	**100.0%**	**$124,733,307**

Note: Additional benefit amounts and proportional projections include sample outliers.

Appendix C – Scope and Methodology

To accomplish our objective, we:

1. Reviewed Social Security Administration (SSA) policies, procedures, and operating plans related to the audit objective.
2. Determined whether SSA took the appropriate actions to implement the recommendations from our prior review to inform beneficiaries and establish system alerts when they are eligible for higher retirement benefits or document the reason beneficiaries did not elect higher retirement benefits.
3. Reviewed SSA Office of Quality Review reports related to workers' compensation (WC) offset/public disability benefit (PDB) and retirement benefits option workload processing.
4. For a random sample of beneficiaries:
   a. Reviewed SSA's Online Retrieval System, Evidence Portal, Shared Process Evidence, Processing Center Action Control System, and the Modernized Claims System.
   b. Used SSA's Interactive Computation Facility to determine the amount of benefits payable to the disabled beneficiaries had they elected to file for retirement benefits.
   c. Determined (1) when the beneficiary provided information that established a lead to file for retirement benefits and whether SSA handled the lead according to policy [1] and (2) whether earlier retirement benefits entitlement from the lead that SSA did not handle resulted in potential benefit loss to the beneficiary.
5. From sampled beneficiaries, identified the following groups.
   a. Beneficiaries SSA notified who filed for retirement benefits. Determined whether the beneficiary could have elected an earlier month of entitlement because of SSA'sWC/PDB case processing.
   b. Beneficiaries SSA notified who did not file for retirement benefits. Determined why beneficiaries did not elect higher retirement benefits by reviewing the Evidence screen in Shared Processes or SSA's Evidence Portal for information collected when the beneficiary chose not to file for retirement benefits.
   c. Beneficiaries who did not file for retirement benefits because SSA did not identify and notify them.
   d. Beneficiaries SSA did not need to notify because their disability benefit was greater than potential retirement benefits.
6. Interviewed various officials, subject-matter experts or other employees as needed.

For the sampled items, we reviewed the Evidence Portal, Numident, Master Beneficiary Record, Workers' Compensation Datasheet, and Online Retrieval System.

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[1] SSA, *POMS*, GN 00202.020, G (January 6, 2025). SSA employees handle a lead by determining from SSA records that no current or future entitlement exists; after contacting the proper applicant and determining they do not wish to file; after taking an application; when SSA cannot contact the proper applicant; or when SSA establishes a protective filing. SSA made this policy obsolete as of April 27, 2026.

We conducted our review from April 2025 through August 2026. We assessed the reliability of the data extract provided by (1) performing electronic testing, (2) reviewing existing information about the data and the system that produced them, and (3) interviewing Agency officials who had knowledge about the data. We determined the data were sufficiently reliable for the purposes of this report.

The principal entities audited were SSA's Offices of Operations and Law and Policy. We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of five internal control components. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following components and principles as significant to the audit objective.

- Component 1 – Control Environment
    - Principle 2: Exercise oversight responsibility
    - Principle 5: Enforce accountability
- Component 3 – Control Activities
    - Principle 11: Design activities for the information system
    - Principle 12: Implement Control activities
- Component 4 – Information and Communication
    - Principle 13: Use quality information
    - Principle 15: Communicate externally
- Component 5 – Monitoring
    - Principle 16: Perform monitoring activities
    - Principle 17: Remediate deficiencies

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and conduct the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix D – SAMPLE RESULTS AND ESTIMATES

We obtained Master Beneficiary Record data on 35,185 insured disabled beneficiaries who attained age 62 from January 1, 2018, through December 31, 2022, and whose disability benefits were offset by workers' compensation (WC) or public disability benefits (PDB). To conduct this review, we used a simple random sample statistical approach and randomly selected 125 beneficiaries for review.

Each sample item had an equal chance of being selected throughout the sampling process, and the selection of one item had no impact on the selection of other items. Therefore, we were guaranteed to choose a sample that represented the sampling frame, absent human biases, and ensured statistically valid conclusions of, and projections to, the entire sampling frame under review. Our sampling approach for this review ensures our reported projections are statistically sound and defensible.

Sample Errors and Projections

For each sampled beneficiary, we determined whether employees notified disabled beneficiaries with WC/PDB offset about their eligibility to higher early retirement benefits and whether filing for retirement benefits resulted in additional benefits. Of the 125 beneficiaries reviewed, 61 could have been entitled to additional benefits totaling $571,770.[1] Based on our sample results, we estimate the Social Security Administration (SSA) did not notify, notified but did not appropriately document decisions not to file or reasons for not filing, or incorrectly processed benefit conversions for 17,170 beneficiaries. We estimate these beneficiaries could have been entitled to about $125 million in additional benefits (see Table D–1 and Table D–2).

Table D–1: Disabled Beneficiaries Who Could Have Been Entitled to Additional Benefits

Description	Beneficiaries with Additional Benefits	Additional Benefits
Sample Results	57	$428,461
Point Estimate	17,170	$124,589,998
Projection Lower Limit	14,476	$90,984,822
Projection Upper Limit	19,880	$158,195,173

Note: All projections are at the 90-percent confidence level.

[1] Of the 61 beneficiaries, 4 were outliers with a total of $143,309 in additional benefits.

Table D–2: Sample Results and Projections by Error Category

Sample Review Category	Beneficiaries in Sample		Additional Benefits in Sample	Proportional Beneficiary Projections	Proportional Benefit Projections
Disabled Beneficiaries SSA Did Not Notify [2]		31	$304,965 [3]	8,726	$56,768,437
Disabled Beneficiaries SSA Notified	SSA Did Not Document Reasons for Not Filing	5	$64,887 [4]	1,407	$9,250,206
	SSA Did Not Document Decisions to Not File	8	$62,519	2,252	$18,179,595
	SSA Did Not Correctly Pay Beneficiaries Who Elected Retirement Benefits	17	$139,399	4,785	$40,535,068
Totals		**61**	**$571,770**	**17,170**	**$124,733,306**

Note: Additional benefit amounts and proportional projections include sample outliers.

[2] We reached the conclusion by reviewing multiple SSA systems and confirming SSA did not provide early retirement election-specific language in its notices while communicating with the 31 beneficiaries. Furthermore, in 9 of 31 cases, SSA employees suppressed the issuance of notices.

[3] The amount of additional benefits included three outliers totaling $110,119.

[4] The amount of additional benefits included one outlier totaling $33,190.

Appendix E – EXAMPLE OF AGENCY NOTICE

This notice is an example of correspondence the Social Security Administration (SSA) sent a beneficiary whose disability benefits were subject to workers' compensation offset. The notice informed the beneficiary that it may be more advantageous to file for retirement benefits. However, the notice provided minimal information and included no additional context or explanation.

Figure E–1: Notice from SSA on Potential Eligibility for Higher Retirement Benefits

Social Security Administration
Retirement, Survivors and Disability Insurance

SOCIAL SECURITY
11FL STHURMOND FED BLD
1835 ASSEMBLY ST
COLUMBIA, SC 29201-9886
Date: [redacted]
BNC#: [redacted]
JEH

[redacted]

Dear [redacted]

We are writing you because our records indicate that it may be more advantageous for you to file for retirement.

Please contact our office for further details.

If you have any questions, you should call, write, or visit any Social Security office. If you visit an office, please bring this letter. It will help us answer your questions.

Social Security Administration

Appendix F – Agency Comments

SOCIAL SECURITY
Office of the Commissioner

MEMORANDUM

Date: September 18, 2026 Refer To: TQA-1

To: Michelle L. Anderson
Assistant Inspector General for Audit as First Assistant

From: Chad Poist
Chief Risk Officer

Subject: Office of the Inspector General Draft Memorandum "Follow-up on Disabled Beneficiaries Who Are Eligible for Higher Retirement Insurance Benefits" (012320) -- INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations.

Please let me know if I can be of further assistance. You may direct staff inquiries to Amy Gao, Director of the Audit Liaison Staff.

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

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