



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Spouses and Widow(er)s Who Have Unverified Pensions

A-13-17-50161 August 2022



Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: August 24, 2022

Refer to: A-13-17-50161

To: Kilolo Kijakazi
Acting Commissioner

From: Gail S. Ennis, 
Inspector General

Subject: Spouses and Widow(er)s Who Have Unverified Pensions

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration took appropriate follow-up actions when spouses and widow(er)s reported they would be entitled to a non-covered pension in the future.

If you wish to discuss the final report, please contact Michelle L. Anderson,
Assistant Inspector General for Audit.

Attachment

Spouses and Widow(er)s Who Have Unverified Pensions A-13-17-50161



August 2022

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.

TABLE OF CONTENTS

Objective.....	1
Background.....	1
Results of Review	3
Follow-up Actions for the Status of Entitlement to Non-covered Pensions.....	4
Master Beneficiary Record Not Updated After Beneficiaries Provide Status Update.....	5
Other Instances of Non-compliance with Agency Policy	6
Overpayments.....	7
The Social Security Administration’s Compliance with Future Pension Entitlement Date Policy	7
Future Pension Entitlement Dates More than 1 Year in the Future	7
Missing Future Pension Entitlement Dates and Administrative Finality	8
No Time Frame Established for Issuing an Advance Notice or Suspending Benefits.....	9
Conclusions	10
Recommendations	11
Agency Comments.....	11
Agency Actions Resulting from the Audit.....	12
Appropriate Action on Referred Beneficiaries	12
Administrative Message	12
Overpayment Calculated and Posted to Beneficiary’s Record	12
Appendix A –Government Pension Questionnaire	A-1
Appendix B –Scope and Methodology	B-1
Appendix C –Sampling Methodology and Results.....	C-1
Overpayments and Estimations Related to Pension Follow-up Actions	C-2
Future Pension Entitlement Date Not in Compliance with Policy.....	C-2
Appendix D –Agency Comments.....	D-1

ABBREVIATIONS

C.F.R.	Code of Federal Regulations
GPO	Government Pension Offset
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
RETAP	Regular Transcript Attainment and Selection Pass
SSA	Social Security Administration
U.S.C.	United States Code

OBJECTIVE

Our objective was 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

SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) program to provide retirement and disability benefits to qualified individuals and their dependents as well as to survivors of insured workers.¹ Spouses and widow(er)s of individuals insured under the OASDI program can be eligible for benefits.

Government Pension Offset (GPO) reduces monthly Social Security benefits for spouses, divorced spouses, and surviving spouses who also receive a pension based on their own work for a Federal, State, or local government that was not subject to Social Security taxes under the *Federal Insurance Contributions Act*.² SSA considers such pensions received to be a “non-covered pension.” The GPO reduction is equal to two-thirds of the amount of the non-covered pension. If two-thirds of the pension is equal to, or more than, the spouse or widow(er) benefit, SSA reduces the payment to zero. When an individual applies for spousal benefits (Form SSA-2-BK, *Application for Wife’s or Husband’s Insurance Benefits*), he/she (1) indicates whether he/she is entitled, but has not applied to receive, a pension or lump-sum payment based on employment not covered by Social Security (non-covered pensions) and (2) agrees to promptly notify SSA if he/she becomes entitled to a non-covered pension. While SSA receives some Federal pension information from the Office of Personnel Management, the Agency usually obtains pension status and pension payment information from beneficiaries. Generally, overpayments will occur in any month a beneficiary is receiving a pension payment and does not have GPO applied because he/she did not inform the Agency of his/her entitlement to a non-covered pension.

When a beneficiary indicates he/she is entitled, but has not applied to receive, non-covered pensions, SSA documents the expected future pension date of entitlement on the Master Beneficiary Record (MBR).³ According to SSA policy,⁴ if the expected entitlement date is within 1 year, staff must document that date in the Future Pension Entitlement Date field on the MBR. However, if the entitlement date is more than 1 year in the future or unknown, SSA policy instructs staff to enter a date in the Future Pension Entitlement Date field on the MBR of 1 year into the future.

¹ *Social Security Act* § 201, 42 U.S.C. § 401 et seq.

² *Social Security Act* § 202(k)(5), 42 U.S.C. § 402(k)(5); Also see 20 C.F.R. § 404.408a.

³ The MBR contains payment and other background information on all OASDI beneficiaries. The Agency uses the information from the MBR to determine eligibility and benefit amounts and administer the OASDI program.

⁴ SSA, *POMS*, GN 02608.300 B. (January 5, 2022).

After the individual begins receiving benefits, SSA employees must obtain the status of non-covered pensions for beneficiaries who reported they would receive one in the future. This includes (1) requesting the status of non-covered pensions from the beneficiaries and (2) determining whether beneficiaries are receiving non-covered pension payments. According to SSA policy,⁵ in the month a beneficiary expects their pension entitlement to begin, the Regular Transcript Attainment and Selection Pass (RETAP) generates a systems alert for SSA employees to follow up with the beneficiaries regarding pension entitlement. In response to the alert, SSA staff contacts beneficiaries to complete a Form SSA-3885, *Government Pension Questionnaire*. SSA staff uses the Form to obtain the status of beneficiaries' entitlement to non-covered pension payments. (Please see Appendix A for an exhibit of the questionnaire.) If the beneficiary does not respond to the request within 30 days, the Agency considers him/her a non-responder and sends an advance notice informing the beneficiary it plans to take adverse action and suspend benefits for failure to cooperate. According to SSA policy,⁶ an advance notice should contain the following content:

- the pending adverse action,
- the reason for the action,
- the evidence used to make the determination,
- the effect on benefits, and
- the number of days the beneficiary has to respond before SSA suspends benefits.

For instances that involve adverse actions, the beneficiary has up to 35 days to respond to the advance notice before SSA may complete the adverse action.⁷ When beneficiaries respond that they are not receiving a pension, Agency policy⁸ states SSA staff should record an updated future date of entitlement to a pension on the MBR. If the pension date is more than 1 year in the future or the beneficiary does not know when pension payments will begin, SSA staff records a date of 1 year in the future. If a beneficiary reports they receive a non-covered pension, SSA staff must obtain the appropriate evidence and apply GPO based on its policy.⁹

⁵ SSA, *POMS*, GN 02608.300 B. (January 5, 2022).

⁶ SSA, *POMS*, GN 03001.015 A.1. (July 16, 2004).

⁷ For situations involving adverse actions or adjustments, the time allowed for beneficiary response before SSA will take the adverse action is 15 days. For OASDI situations involving an automated computer and/or non-automated data match, the time allowed is 35 days. SSA, *POMS*, GN 03001.015 A.2 (July 16, 2004).

⁸ SSA, *POMS*, GN 02608.300 B. (January 5, 2022).

⁹ SSA, *POMS*, GN 02608.200 A.1. (October 31, 2017); SSA, *POMS*, GN 02608.401 (July 29, 2013).

To conduct our review, we obtained an electronic data extract from one segment of the MBR.¹⁰ We analyzed the data and identified 244 beneficiaries¹¹ whose future pension entitlement dates were in the past¹² or who appeared in Internal Revenue Service or the Office of Personnel Management¹³ that indicated possible receipt of pension payments. In addition, we identified 286 beneficiaries¹⁴ whose pension entitlement dates were beyond 1 year in the future or missing from the MBR. However, the MBRs did not have pension payment information recorded; therefore, SSA had not applied GPO. See Appendix B for more information on our scope and methodology.

RESULTS OF REVIEW

SSA performed follow-up actions in compliance with its policy for 212 of 244 beneficiaries reviewed. The Agency did not complete follow-up actions, as required,¹⁵ for the remaining 32 beneficiaries.

Of the 244 beneficiaries, we identified 12 who were overpaid approximately \$127,000.¹⁶ Based on our review, we estimate SSA overpaid 240 beneficiaries approximately \$2.5 million because Agency staff did not complete pension follow-up actions in compliance with SSA policy.

SSA staff did not comply with policy to update the future pension entitlement date on the MBR for 286 beneficiaries. Before we referred the beneficiaries to SSA, we completed an updated review and removed 20 beneficiaries because GPO would not have reduced benefits or the future pension entitlement date did not require an update.¹⁷ We referred 266 beneficiaries—259 with a pension entitlement date more than 1 year in the future and 7 whose future pension entitlement date field was blank—to SSA for review and corrective actions.

¹⁰ The MBR is divided into 20 segments that are separated based on the last 2 digits of the Social Security number.

¹¹ This included 230 beneficiaries with future pension entitlement dates that had passed as of June 29, 2018 and 14 beneficiaries who appeared in Internal Revenue Service or Office of Personnel Management data.

¹² Extracted data were as of June 29, 2018.

¹³ The Internal Revenue Service receives pension payment information annually and provides it to SSA for Supplemental Security Income recipients. For this review, we used data we obtained from a previously conducted Office of Audit research effort. The Office of Personnel Management maintains and provides SSA pension payment information for Federal pensions.

¹⁴ This included 279 beneficiaries with a pension entitlement date more than 1 year in the future and 7 beneficiaries whose MBR lacked a future pension entitlement date.

¹⁵ SSA, *POMS*, GN 02608.300 (January 5, 2022); GN 02608.401 (July 29, 2013).

¹⁶ Of 32 beneficiaries, we did not identify overpayments for 24 because SSA applied GPO to their benefits appropriately or GPO was not applicable. In addition, we identified three beneficiaries who had not reported their pension payments to SSA, which resulted in overpayments. In one remaining instance, SSA obtained pension payment information and applied GPO, but did not calculate an overpayment.

¹⁷ We completed an updated review of the 286 beneficiaries in April 2019 before we referred them to SSA. We determined SSA applied GPO for 12 beneficiaries, terminated benefits for 5, removed the future pension entitlement date for 2, and updated the future pension entitlement date for 1. Based on this information, we determined GPO would not have reduced benefits or the future pension entitlement date did not require an update. Thus, we did not refer these 20 beneficiaries to SSA for review.

Of the 286 beneficiaries, the seven beneficiaries whose future pension entitlement date field was blank were overpaid approximately \$969,000 through March 2022 because SSA did not complete required follow-up actions and apply GPO.^{18,19} Estimating to all segments of the MBR, SSA overpaid 140 beneficiaries approximately \$19.4 million through March 2022, and SSA will overpay 120 beneficiaries approximately \$9.8 million over their lifetimes because administrative finality prevents SSA from taking corrective actions on these benefit payments.²⁰

Finally, SSA has not established a time frame for when its staff should issue an advance notice of adverse action, or suspend benefits after a beneficiary has not responded to its request for updated non-covered pension status for beneficiaries. As a result, SSA issued advance notices of adverse action that ranged from 28 to 417 days after the date of the initial questionnaire requesting updated pension status from beneficiaries.

Follow-up Actions for the Status of Entitlement to Non-covered Pensions

The Agency did not comply with its policy when it completed follow-up actions for 32 beneficiaries. According to SSA policy,²¹ follow-up actions include the following:

- contacting beneficiaries and completing a questionnaire regarding the entitlement status of a non-covered pension;
- issuing an advance notice if a beneficiary does not respond to SSA's request;
- suspending benefits if the beneficiary does not respond to the advance notice;
- applying GPO for beneficiaries who have stated they are receiving a non-covered pension payment;
- updating the future pension entitlement date on the MBR to a date of no more than 1 year in the future for a beneficiary who has stated they are not receiving non-covered pension payments; or
- removing the future pension entitlement date from the MBR for a beneficiary who has stated they are not entitled to receive a non-covered pension.

¹⁸ SSA, *POMS*, GN 02608.300 (January 5, 2022).

¹⁹ The MBRs indicated the 279 beneficiaries whose future pension entitlement dates were inappropriately recorded as more than 1 year in the future were not receiving pension payments and it was not required for SSA staff to determine whether GPO was applicable. Therefore, we did not determine whether an overpayment applied.

²⁰ As of March 2022, one beneficiary's payments were stopped because of death.

²¹ SSA, *POMS*, GN 02608.300 (January 5, 2022).

For the 32 beneficiaries, we identified 37 findings that included 5 beneficiaries with 2 findings each. See Table 1 and Appendix C for additional detail.

Table 1: Findings Identified for Follow-up Actions to Obtain Entitlement Status

Finding Description	Number of Instances
MBR not updated in compliance with policy	15
Lack of pension evidence	5
Advance notice not sent in compliance with policy	6
Benefits not suspended in compliance with policy	4
Overpayment not applied	5
GPO not applied in compliance with policy	2
Total	37

Master Beneficiary Record Not Updated After Beneficiaries Provide Status Update

We identified 15 instances in which Agency staff did not update MBRs appropriately after beneficiaries reported they were not receiving pension payments. In 13 instances, SSA staff did not update the future pension entitlement date, as required by policy.²² Had SSA staff updated the MBRs, as required, a RETAP alert would have been generated no more than 1 year from the beneficiaries' responses.²³ The updated future pension entitlement dates should cause Agency staff to follow up to determine whether beneficiaries are receiving pensions. Furthermore, SSA is more likely to overpay beneficiaries if future pension entitlement dates occur more than 1 year in the future. For the remaining two instances, SSA:

- did not remove pension data from the MBR after one beneficiary reported they were not eligible for a non-covered pension, and
- incorrectly removed pension data instead of updating the future pension entitlement date on the MBR after one beneficiary reported they were not receiving pension payments.

We did not identify internal controls to prevent SSA staff from entering future pension entitlement dates that did not comply with policy. Without controls to ensure SSA staff enters the future pension entitlement date no more than 1 year in the future, there is an inherent risk of non-compliance because of the potential of human error in manual entry.

²² SSA, POMS, GN 02608.300 B. (January 5, 2022).

²³ The RETAP process generates a follow-up alert every 90 days until SSA staff updates or removes the future pension entitlement date. SSA, POMS, GN 02608.300 B. (January 5, 2022).

Other Instances of Non-compliance with Agency Policy

We identified 22 other instances where the Agency did not comply with its policy when it completed follow-up actions:²⁴

- In five instances, SSA's systems did not have appropriate pension evidence.²⁵ For example, SSA staff did not obtain pension evidence from beneficiaries who provided pension payment amounts but did not provide evidence of the payments' effective dates. SSA policy²⁶ states, if partial GPO applies, SSA staff should obtain the gross pension amount and pension effective date. Policy further states,²⁷ if total GPO applies, SSA should obtain evidence for the beginning month of the pension if he/she alleges pension payments began after the date of entitlement.
- In six instances, SSA did not send an advance notice in compliance with SSA policy:²⁸ For 2 of 6 beneficiaries, SSA unnecessarily sent an advance notice after the beneficiary reported they were not receiving a pension payment. According to SSA policy,²⁹ staff should send an advance notice if the beneficiary does not respond to the Agency's request for pension information. Finally, SSA did not provide due process, as required, and suspended benefits without sending an advance notice for four of six beneficiaries. SSA policy³⁰ states an advance notice must be sent to the beneficiary before an adverse action is taken.
- For the remaining 11 instances of non-compliance with policy, SSA improperly (a) suspended benefits because it did not provide due process³¹ before it took the adverse actions for four beneficiaries; (b) applied GPO for two beneficiaries;³² and (c) calculated and established overpayments for five beneficiaries.³³

²⁴ SSA, *POMS*, GN 02608.300 (January 5, 2022); GN 02608.401 (July 29, 2013).

²⁵ Sufficient pension evidence should include the gross periodic or lump-sum pension amount, including pension amount changes, as necessary, and the effective date of the pension. SSA, *POMS*, GN 02608.200 A.1.a. (October 31, 2017).

²⁶ SSA, *POMS*, GN 02608.200 A.1.a. (October 31, 2017); GN 02608.300 (January 5, 2022).

²⁷ SSA, *POMS*, GN 02608.200 A.1.b. (October 31, 2017).

²⁸ SSA, *POMS*, GN 02608.300 B. (January 5, 2022).

²⁹ See Footnote 28.

³⁰ SSA, *POMS*, GN 03001.015 (July 16, 2004).

³¹ See Footnote 30.

³² Please refer to the Overpayments section of the report for additional information.

³³ See Footnote 32.

Overpayments

We determined the Agency overpaid the 12 beneficiaries approximately \$127,000:

- 7 had approximately \$67,000 in overpayments that SSA staff did not calculate and post to the beneficiaries' records after GPO was applied;
- 3 had approximately \$29,000 in overpayments because SSA staff did not apply GPO;
- 1 had an approximately \$19,000 in overpayments that SSA could have avoided had SSA staff complied with policy to apply GPO;³⁴ and
- 1 had approximately \$12,000 in overpayments that SSA calculated and posted to her record after we referred the beneficiary to SSA staff for review.

Estimating to all 20 segments of the MBR, SSA overpaid 240 beneficiaries approximately \$2.5 million through March 2022.³⁵

The Social Security Administration's Compliance with Future Pension Entitlement Date Policy

In June 2018, we identified 286 beneficiaries who had future pension entitlement dates that did not comply with SSA policy. Of the 286 beneficiaries, 279 had future pension entitlement dates more than 1 year in the future. The remaining seven beneficiaries did not have future pension entitlement dates on the MBR. Beneficiaries who have a future pension entitlement date that is more than 1 year in the future or have a missing pension entitlement date are at a higher risk of receiving overpayments.

Future Pension Entitlement Dates More than 1 Year in the Future

Before we referred the 279 beneficiaries who had future pension entitlement dates more than 1 year in the future to SSA for review and corrective actions; SSA had updated records for 20.³⁶ We removed these beneficiaries from our population of 279 and referred the remaining 259 to the Agency. SSA confirmed that all 259 beneficiaries had future pension entitlement dates that did not comply with its policy.³⁷ Based on SSA's confirmation, we concluded all the beneficiaries in our June 2018 data extract had entitlement dates that did not comply with SSA policy.

³⁴ The beneficiary reported pension payments to SSA on a pension questionnaire completed, signed, and dated June 24, 2019. According to SSA records, the Agency suspended benefits in August 2020. SSA identified overpayments; however, we determined SSA could have avoided overpayments of approximately \$19,000 from July 2019 through July 2020 had SSA staff complied with SSA policy and applied GPO. SSA, *POMS*, GN 02608.401 (July 29, 2013).

³⁵ See Appendix C for our sampling methodology and results.

³⁶ We completed an updated review of these beneficiaries in April 2019 before we referred them to SSA. SSA applied GPO for 12 beneficiaries, terminated benefits for 5, removed the future pension entitlement date for 2, and updated the future pension entitlement date for 1. Based on this information, we determined GPO would not have reduced benefits or the future pension entitlement date did not require an update. Thus, we did not refer these beneficiaries to SSA for review.

³⁷ SSA, *POMS*, GN 02608.300 B. (January 5, 2022).

Estimating to all 20 segments of the MBR, there were 5,580 OASDI beneficiaries who had future pension entitlement dates that did not comply with SSA policy.³⁸

Our review of SSA's policies and follow-up actions for obtaining updated pension status did not find an internal control that prevents future pension entitlement dates of more than 1 year in the future being entered into the MBR. If the pension entitlement date occurs more than 1 year in the future, SSA's follow-up actions will be delayed. SSA staff will not receive a timely alert to request the updated pension status from beneficiaries who have indicated they may be receiving pension payments in the future. Generally, overpayments will occur in any month a beneficiary is receiving a pension payment and does not have GPO applied because he/she did not notify the Agency of his/her entitlement to a non-covered pension.

Missing Future Pension Entitlement Dates and Administrative Finality

In June 2019, we referred the seven beneficiaries whose future pension entitlement date was not on the MBR to the Agency for review and corrective action. SSA reported all beneficiaries were entitled to a non-covered pension. Since a future pension entitlement date was not on the MBR, a RETAP did not generate an alert to initiate follow-up to obtain the status of a non-covered pension. According to SSA, these dates were likely missing because a 2004 system update caused the fields on the MBR to be blank, and such missing dates should no longer occur.

SSA further reported it could not take actions to amend the future pension entitlement date field for these seven beneficiaries because of administrative finality. According to its policy,³⁹ when a determination or decision is made regarding benefit entitlement or amount or the actual payment of benefits, the beneficiary should be able to rely on its correctness. SSA's determinations and decisions can be reopened and revised only for certain reasons and/or within certain time periods. The Agency can reopen incorrect determinations (1) within 1 year of the date of the notice of initial determination for any reason, (2) within 4 years of the date of the notice of initial determination for good cause, or (3) at any time in special circumstances.⁴⁰ Therefore, SSA reported it cannot retroactively apply GPO or correct benefit amounts for future months.

Further, Agency policy⁴¹ states the rules of administrative finality apply to initial determinations that involve GPO the same as to any other initial determination. For example, if SSA had information the claimant was entitled to a non-covered pension, but Agency staff did not address the non-covered government pension at the time of entitlement, an initial determination has been made on GPO. According to policy,⁴² Agency staff has determined that GPO is not an issue or does not apply in this case because administrative finality rules preclude the Agency from revisiting the issue.

³⁸ SSA, POMS, GN 02608.300 B. (January 5, 2022).

³⁹ SSA, POMS, GN 04001.001 C. (September 9, 2011).

⁴⁰ SSA, POMS, GN 04001.010 (December 22, 1989); GN 04020.001 (November 1, 1988).

⁴¹ SSA, POMS, GN 04030.090 (April 27, 2016).

⁴² SSA, POMS, GN 04030.090 B.1. (April 27, 2016).

SSA overpaid the beneficiaries approximately \$969,000 through March 2022 because SSA did not complete non-covered pension development and apply GPO, as required.⁴³ We estimate SSA will overpay these beneficiaries approximately \$489,000 over their lifetimes, because administrative finality prevents SSA from taking corrective actions on these payments. Estimating to all segments of the MBR, SSA overpaid 140 beneficiaries approximately \$19.4 million through March 2022. Further, we estimate SSA will overpay 120 beneficiaries approximately \$9.8 million over their lifetimes.^{44,45}

No Time Frame Established for Issuing an Advance Notice or Suspending Benefits

SSA policy does not identify a time frame for (1) issuing an advance notice of adverse action after a beneficiary does not respond to its request for an update to their entitlement to a government pension or (2) suspending benefits after the beneficiary does not respond to the advance notice.

SSA policy prevents the Agency from taking adverse action on benefits without sending an advance notice of suspension. However, SSA policy does not establish a time frame for when it should issue the notice. We identified instances where SSA staff issued advance notice as early as 28 days, as late as 417 days, or not at all. On average, it took SSA 199 days to issue an advance notice. If SSA does not send, or delays sending, the advance notice, overpayments may occur. Further, beneficiaries may not receive due process, as required by SSA policy.⁴⁶ See Table 2 for additional detail.

Table 2: Number of Days for SSA to Issue Advance Notice

Elapsed Days Until SSA Issued an Advance Notice	Number of Beneficiaries
No Notice Required	185
No Notice Sent ⁴⁷	8
1-30 Days	1
31 – 90 Days	12
91 – 180 Days	14
181 – 270 Days	4
271 – 365 Days	15
More than 365 Days	5
Total	244

⁴³ SSA, POMS, GN 02608.400 (June 21, 2016).

⁴⁴ See Appendix C for our sampling methodology and results.

⁴⁵ As of March 2022, one beneficiary's payments were stopped because of death.

⁴⁶ SSA, POMS, GN 03001.015 (July 1, 2004).

⁴⁷ As noted in the *Other Instances of Non-compliance with Agency Policy* section, SSA did not send an advance notice to four beneficiaries before it suspended their benefits. In addition, SSA did not send an advance notice to the remaining four beneficiaries; however, the beneficiaries eventually responded to SSA's request for updated pension status after 89 days, 136 days, 197 days, and 512 days, respectively.

We identified instances where SSA staff suspended benefits as early as 29 days, as late as 752 days, or not at all. See Table 3 for additional detail.

Table 3: Number of Days for SSA to Suspend Benefits

Elapsed Days Until SSA Suspended Benefits After an Advance Notice Was Issued	Number of Beneficiaries
No Suspension Required	222
No Suspension Action Taken ⁴⁸	3
1 – 30 Days	1
31 – 90 Days	8
91 – 180 Days	7
181 – 365 Days	1
More than 365 Days	2
Total	244

On average, it took SSA 140 days to suspend benefits. For example, SSA sent a Government Pension Questionnaire in August 2017, and the beneficiary did not respond within 35 days. SSA did not send the beneficiary an advance notice of suspension until May 2018 (285 days after it sent the Questionnaire) and did not suspend benefits until August 2018 (382 days after it sent the Questionnaire and 97 days after it sent the advance notice). Once the benefits were suspended, the beneficiary notified SSA they began receiving pension payments in August 2012.

CONCLUSIONS

SSA needs to improve its follow-up actions for obtaining the status of non-covered pensions and updating records to ensure the Agency applies GPO appropriately. SSA took appropriate follow-up actions when spouses and widow(er)s reported they were entitled to a non-covered pension in the future for 212 of 244 beneficiaries reviewed. The Agency did not complete follow-up actions, as required,⁴⁹ for the remaining 32 beneficiaries. Additionally, SSA overpaid 12 approximately \$127,000. Furthermore, we estimate SSA overpaid 240 beneficiaries approximately \$2.5 million.

⁴⁸ For two beneficiaries, SSA applied GPO 37 and 617 days after the date of the advance notice, respectively. For the remaining beneficiary, SSA updated the future pension entitlement date 124 days after the date of the advance notice.

⁴⁹ SSA, *POMS*, GN 02608.300 (January 5, 2022); GN 02608.401 (July 29, 2013).

We referred to SSA 286 beneficiaries with future pension entitlement dates that did not comply with Agency policy or were missing from the MBR when we extracted our data. Of these beneficiaries, seven were overpaid approximately \$969,000 through March 2022.⁵⁰ Estimating to all segments of the MBR, SSA overpaid 140 beneficiaries approximately \$19.4 million through March 2022 and will overpay 120 beneficiaries approximately \$9.8 million over their lifetimes, because administrative finality prevents SSA from taking corrective actions on these benefit payments.

RECOMMENDATIONS

We recommend SSA:

1. Issue clear guidance/instructions for follow-up of status for a non-covered pension that would remind SSA staff to:
 - a. update the future entitlement date if a beneficiary reports they are not receiving pension payments;
 - b. update the future pension entitlement date to a date no more than 1 year in the future if unknown or entitlement begins more than 1 year in the future;
 - c. remove government pension data when the beneficiary states they will not receive non-covered pension payments; and
 - d. obtain sufficient evidence from the beneficiary or pension administrator when appropriate.
2. Take corrective actions and calculate overpayments for the 10 beneficiaries for whom SSA did not calculate appropriate overpayments.
3. Implement an internal control that prevents a future pension entitlement date on the MBR of more than 1 year in the future.
4. Identify and correct the future pension entitlement dates on the MBR for the estimated 5,434 beneficiaries who have entitlement dates that do not comply with policy or are not recorded on the MBR.
5. Update policy to include follow-up time frames for SSA staff to issue an advance notice to beneficiaries after they do not respond to the Agency's questionnaire and suspend benefits for beneficiaries who do not respond to the advance notice.

AGENCY COMMENTS

SSA agreed with our recommendations. See Appendix D for the full text of SSA's comments.

⁵⁰ For 279 beneficiaries whose future pension entitlement dates were inappropriately recorded as more than 1 year in the future, the MBRs indicated they were not receiving pension payments and it was not required for SSA staff to determine whether GPO was applicable. Therefore, we did not determine whether an overpayment applied.

Agency Actions Resulting from the Audit

Appropriate Action on Referred Beneficiaries

As of February 2020, SSA had taken appropriate action for 259 beneficiaries whose future pension entitlement dates were documented incorrectly. Please refer to Table 4 for SSA's corrective actions.

Table 4: Corrective Actions for Future Pension Entitlement Dates

Corrective Action Taken (as of February 2020)	Number of Beneficiaries
Updated Future Pension Entitlement Date	187
Future Pension Entitlement Date Removed	1
Future Pension Entitlement Date Removed Because of GPO	15
No Action Required ⁵¹	56
Total	259

Of the 15 beneficiaries whose future pension entitlement dates were removed because of GPO, 6 were overpaid approximately \$10,000. The Agency had not followed up on these beneficiaries because the future pension entitlement dates on the MBRs occurred more than 1 year in the future.⁵² Based on our calculations, we determined SSA would have overpaid five of the six beneficiaries approximately \$118,000 more before their future pension entitlement date had we not referred them to SSA for review. We did not calculate an additional overpayment for the remaining beneficiary. The future pension entitlement date occurred in the month after the month for which SSA identified an overpayment.

Administrative Message

In February 2020, SSA issued an Administrative Message⁵³ with instructions for following up to obtain the status of non-covered pensions. The Message provided reminders of policies and procedures SSA staff should use when they (1) code a claim for a beneficiary who stated he/she would be entitled to a non-covered pension in the future or (2) respond to a RETAP alert to follow up for future non-covered pension entitlement.

Overpayment Calculated and Posted to Beneficiary's Record

As of March 2022, SSA calculated and applied an overpayment for 1 of 12 beneficiaries we identified. We determined SSA overpaid this beneficiary approximately \$12,000. SSA applied GPO to her record but did not calculate an overpayment for periods she was receiving a

⁵¹ Since the future pension entitlement date occurred within 1 year of the date of our review, no further action is required.

⁵² SSA, POMS, GN 02608.300 B.2. (January 5, 2022).

⁵³ SSA, AM-20007 (February 25, 2020).

noncovered pension. After we referred her record to SSA staff for review, SSA calculated and posted an overpayment to the beneficiary's record.

A handwritten signature in black ink that reads "Michelle L. Anderson". The signature is written in a cursive, slightly slanted style.

Michelle L. Anderson
Assistant Inspector General for Audit

APPENDICES

Appendix A – GOVERNMENT PENSION QUESTIONNAIRE

Form SSA-3885 (02-2018) UF
Discontinue Prior Editions
Social Security Administration

Page 1 of 3
OMB No. 0960-0160

Government Pension Questionnaire

Name of Wage Earner or Self-Employed Person	Social Security Number
Name of Person Making Statement (If other than wage earner or self-employed person)	Relationship to Wage Earner or Self-Employed Person

Privacy Act Statement - Collection and Use of Personal Information

Section 202(k)(5) of the Social Security Act, as amended, allows us to collect this information. Furnishing us this information is voluntary. However, failing to provide all or part of the information may prevent an accurate and timely decision on your claim and could affect your Social Security benefit. We will use the information to determine the effect of your pension on your Social Security benefit. We may also share the information for the following purposes, called routine uses: 1. To contractors and other Federal agencies, as necessary, for the purpose of assisting SSA in the efficient administration of its programs; and, 2. To student volunteers, individuals working under a personal services contract, and other workers who technically do not have the status of Federal employees, when they are performing work for SSA, as authorized by law, and they need access to personally identifiable information in SSA records in order to perform their assigned Agency functions. In addition, we may share this information in accordance with the Privacy Act and other Federal laws. For example, where authorized, we may use and disclose this information in computer matching programs, in which our records are compared with other records to establish or verify a person's eligibility for Federal benefit programs and for repayment of incorrect or delinquent debts under these programs. A list of additional routine uses is available in our Privacy Act System of Records Notices (SORNs) 60-0089, entitled Claims Folders Systems and 60-0090, entitled Master Beneficiary Record. Additional information and a full listing of all our SORNs are available on our website at www.socialsecurity.gov/foia/bluebook.

Paperwork Reduction Act Statement - This information collection meets the requirements of 44 U.S.C. § 3507, as amended by section 2 of the Paperwork Reduction Act of 1995. You do not need to answer these questions unless we display a valid Office of Management and Budget control number. We estimate that it will take about 12.5 minutes to read the instructions, gather the facts, and answer the questions. **SEND OR BRING THE COMPLETED FORM TO YOUR LOCAL SOCIAL SECURITY OFFICE.** You can find your local Social Security office through SSA's website at www.socialsecurity.gov. Offices are also listed under U. S. Government agencies in your telephone directory or you may call Social Security at 1-800-772-1213 (TTY 1-800-325-0778). You may send comments on our time estimate above to: SSA, 6401 Security Blvd, Baltimore, MD 21235-6401. Send only comments relating to our time estimate to this address, not the completed form.

1.	Enter the name and address of the agency or organization below from which your government pension or annuity is received:			
	Name of Agency or Organization	Address of Agency or Organization	Phone Number of Agency or Organization (Include area code)	
2.	(a) Enter the last day of employment upon which your pension or annuity is based. <input type="checkbox"/> State <input type="checkbox"/> Federal <input type="checkbox"/> Local	Month	Day	Year
	(b) On the date shown in (a) above, was this employment covered under Social Security for benefit purposes?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
3.	(a) What was the first month for which you began <u>receiving</u> your pension or annuity?	Month	Year	
	(b) Could you have been eligible for and received this pension or annuity <u>earlier</u> had you stopped working and made an application? (If yes, answer (c).)	<input type="checkbox"/> Yes <input type="checkbox"/> No		
	(c) When could you have first received this pension/annuity?	Month	Year	
4.	(a) Did you elect FERS or another covered plan?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
	If yes, when?	Month	Year	

5.	(a) Do you receive your pension/annuity weekly, biweekly, or monthly? What is the current pension amount after any deductions made to provide for a survivor annuity, but before any deductions for health insurance, allotments, bonds, etc.?		
		\$	
	(b) Did you elect a lump sum payment with a reduced annuity? If yes, what is the amount of the annuity before reduction for the lump sum?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
		\$	
	(c) Did you elect an annuity in one lump sum payment? If yes, what is the amount? What was the specific period of time for which the lump sum payment was made?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	\$		
	(d) Has your pension amount changed for any months for which you are applying or have been receiving spouse's or surviving spouse's Social Security benefits? If yes, give the former amount(s) and date(s) of change below:	<input type="checkbox"/> Yes <input type="checkbox"/> No	
		Date(s) of Change	
	Former Amount(s)	Month	Year
	\$		
	\$		
	\$		

If the date in either 3(a) or 3(c) is before 7/1/83, answer item 6.

6.	(a) Were you receiving at least one half support from your spouse at the time your spouse became entitled to retirement or disability insurance benefits (or stopped work prior to disability), or if you are a widow or widower at the time your spouse died?	<input type="checkbox"/> Yes <input type="checkbox"/> No <i>(If yes, answer (b).)</i>	
	(b) Have you filed proof of such support with the Social Security Administration?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Remarks

Appendix B –SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable Federal laws and regulations and the Social Security Administration’s (SSA) policies and procedures.
- Identified and reviewed prior audits pertaining to the Government Pension Offset.
- Obtained and analyzed a data extract from one segment of SSA’s Master Beneficiary Record (MBR).
- Completed data mining and audit population refinement. We identified:
 - 230 beneficiaries who had future pension entitlement dates that had passed as of June 29, 2018;
 - 14 beneficiaries who appeared in either the Office of Personnel Management’s Civil Service File or the Internal Revenue Service data;
 - 279 beneficiaries with a future pension entitlement date in August 2019 or later;
 - 7 beneficiaries who did not have a future pension entitlement date on the MBR; and
 - 388 beneficiaries with a future pension entitlement date in July 2018 through July 2019 and removed them from our audit population.
- Reviewed such SSA systems as the MBR, Claims File User Interface, and Paperless for Form SSA-3885, *Government Pension Questionnaire*, pension evidence, and documentation of follow-up actions for the status of non-covered, government pensions.
- Determined whether SSA appropriately completed follow-up actions with beneficiaries who indicated they expected to receive a non-covered pension.
- Determined whether the beneficiary responded to SSA’s request for pension status.
- Sent letters to beneficiaries requesting pension status if the beneficiary did not respond to SSA’s request for pension status or SSA did not attempt to obtain updated pension information.
- Prepared an Administrative Message with instructions for SSA staff when they respond to beneficiary questions regarding our review.
- Identified beneficiaries with no pension payment information recorded in SSA’s systems.
- Sent letters to former employers and pension administrators requesting pension-related information.
- Determined whether overpayments or overpayments that could have been avoided were made because SSA did not apply GPO and/or did not comply with its policies during follow up for the status of non-covered government pensions.
- Estimated the results of our review to all 20 segments of the MBR.
- Notified SSA of instances of non-compliance with its policy identified during our review.

We conducted our review between June 2018 and March 2022 at SSA Headquarters in Baltimore, Maryland. We found the data used for this audit to be sufficiently reliable to meet our audit objective. Further, any data limitations were minor in the context of this assignment, and the use of the data should not lead to an incorrect or unintentional conclusion. The principal entity audited was the Office of the Deputy Commissioner for Operations.

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

Appendix C –SAMPLING METHODOLOGY AND RESULTS

As of June 29, 2018, we had identified 530 spouse and widow(er) beneficiaries in current pay status who had government pension information recorded on their Master Beneficiary Record (MBR) that indicated they may have been eligible for a pension. We subsequently placed the 530 beneficiaries into 3 distinct groups. See Table C-1 for the groups reviewed.

Table C–1: Review Population

Description	Number of Beneficiaries
Group 1: Future pension entitlement date occurred in June 2018 or earlier	230
Group 2: Beneficiary appeared in Internal Revenue Service or Office of Personnel Management data	14
Group 3: Future pension entitlement date was more than 1 year in the future or missing	286
Total	530

We reviewed 230 beneficiaries (Group 1) to determine whether SSA should have applied the Government Pension Offset (GPO) because SSA data indicated the beneficiaries might have begun receiving pension payments. In addition, SSA staff should have completed follow up to request the status of entitlement to non-covered pensions.

Further, we identified 14 beneficiaries (Group 2) who may have received pension payments from Office of Personnel Management or Internal Revenue Service data.¹ We reviewed all 14 beneficiaries to determine whether SSA should have applied GPO.

To obtain updated pension information for Groups 1 and 2, we sent letters requesting pension status to those beneficiaries who did not respond to SSA's request for pension status or from whom SSA did not attempt to obtain updated pension information. In addition, we sent letters to former employers and pension administrators requesting pension-related information. We used pension administrator responses to report on whether GPO should have been applied.

We also identified 286 beneficiaries (Group 3) whose future pension entitlement date had not passed as of June 2018. However, these beneficiaries had recorded future pension entitlement dates not compliant with SSA policy, or future pension entitlement dates missing from the MBR. We referred these beneficiaries to SSA for review and corrective actions as needed.

¹ We reviewed Internal Revenue Service, Form 1099-R, *Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*, for 2014 and 2015.

Overpayments and Estimations Related to Pension Follow-up Actions

For 244 beneficiaries (Groups 1 and 2), we determined SSA had overpaid the 12 beneficiaries approximately \$127,000:

- 7 had approximately \$67,000 in overpayments that SSA staff did not calculate and post to the beneficiaries' records after GPO was applied;
- 3 had approximately \$29,000 in overpayments because SSA staff did not apply GPO;
- 1 had an approximately \$19,000 in overpayments that SSA could have avoided had SSA staff complied with policy to apply GPO;² and
- 1 had approximately \$12,000 in overpayments that SSA calculated and posted to her record after we referred the beneficiary to SSA staff for review.

We obtained data from one segment of the MBR. Thus, we estimated SSA overpaid 240 beneficiaries approximately \$2.5 million through March 2022.

Table C-1: Overpayment Straight-line Estimations

Description	One Segment of MBR	20 Segments of MBR
Number of Beneficiaries Overpaid	12	240
Overpayments	\$127,251	\$2,545,020

Future Pension Entitlement Date Not in Compliance with Policy

For the 286 beneficiaries whose future pension entitlement dates did not comply with policy (Group 3), we identified 279 beneficiaries whose future pension entitlement dates were more than 1 year in the future and 7 beneficiaries whose MBRs were missing future pension entitlement dates. Of the 279, SSA applied GPO because of our referral for 12 beneficiaries. The Agency calculated overpayments, totaling approximately \$10,000, for 6 of the 12 beneficiaries when SSA applied GPO.³

Further, we concluded SSA would have continued overpaying five of the six beneficiaries approximately \$118,000 more before their future pension entitlement date had we not referred the beneficiaries to SSA for review. For the remaining three beneficiaries, SSA applied GPO as required by policy⁴ after the future pension entitlement date on the MBR.

² The beneficiary reported pension payments to SSA on a pension questionnaire completed, signed, and dated June 24, 2019. According to SSA records, the Agency suspended benefits in August 2020. SSA identified overpayments; however, we determined SSA could have avoided overpayments of approximately \$19,000 from July 2019 through July 2020 had SSA staff complied with SSA policy and applied GPO. SSA, POMS, GN 02608.401 (July 29, 2013).

³ SSA did not calculate overpayments for the remaining six beneficiaries.

⁴ SSA, POMS, GN 02608.400 (June 21, 2016).

SSA reported that all the seven beneficiaries with missing future pension entitlement dates were entitled to non-covered pensions. Therefore, SSA should have applied GPO and applicable overpayments. We determined SSA had overpaid seven beneficiaries approximately \$969,000 through March 2022. We estimate SSA overpaid 140 beneficiaries approximately \$19.4 million because it did not follow up appropriately and apply GPO.

**Table C–1: Missing Future Pension Entitlement Date Overpayment
Straight-line Estimations**

Description	One Segment of MBR	20 Segments of MBR
Number of Beneficiaries Overpaid	7	140
Overpayments	\$969,194	\$19,383,880

SSA reported it could not take corrective actions to amend the future pension entitlement date field for these seven beneficiaries because of administrative finality. We estimate SSA will overpay these beneficiaries approximately \$489,000 over their lifetimes and 120 beneficiaries approximately \$9.8 million over their lifetimes.⁵

**Table C–2: Missing Future Pension Entitlement Overpayment over Lifetime
Straight-line Estimations**

Description	One Segment of MBR	20 Segments of MBR
Number of Beneficiaries Overpaid	6	120
Overpayments	\$488,974	\$9,779,480

⁵ As of March 2022, one beneficiary's payments were stopped due to death.

Appendix D – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: June 7, 2022

Refer To: TQA-1

To: Gail S. Ennis
Inspector General

A handwritten signature in blue ink, appearing to read "Scott Frey".

From: Scott Frey
Chief of Staff

Subject: Office of the Inspector General Draft Report "Spouses and Widow(er)s Who Have Unverified Pensions" (A-13-17-50161) — 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 Trae Sommer at (410) 965-9102.



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