

Beneficiaries with Representative Payees and Earnings

A-02-17-50143



March 2020

Office of Audit Report Summary

Objective

To determine the accuracy of earnings the Social Security Administration (SSA) used as the basis for increases to Old-Age, Survivors and Disability Insurance (OASDI) benefits for beneficiaries who had earned the earnings after the Agency appointed them representative payees.

Background

SSA uses earnings information to calculate primary insurance amounts (PIA), which are used to determine beneficiaries' benefit amounts. When a beneficiary has earnings in the year he/she became entitled to benefits, or in a later year, those earnings may increase his/her PIA.

From 1 segment of the Master Beneficiary Record, we identified 2,683 beneficiaries with representative payees and earnings posted for Calendar Years 2015 through 2017. We identified 604 beneficiaries with 1 or more of 8 characteristics we determined warranted a review and reviewed their earnings posted in SSA's records. We selected 20 beneficiaries from each characteristic group to review. We also randomly selected 50 beneficiaries with none of the characteristics for review. For all cases selected, we determined whether their earnings, which were used to increase the beneficiaries' PIAs, were accurate.

Findings

The earnings for 49 of the 50 randomly selected beneficiaries who had none of the questionable characteristics we identified were accurate. The remaining beneficiary did not respond to our requests to verify her earnings, so we were unable to confirm their accuracy. In contrast, for each group of beneficiaries with a questionable characteristic, we confirmed one or more of the beneficiaries had inaccurate earnings records. For the majority of the beneficiaries with inaccurate earnings, the inaccuracies led or will lead to PIA and benefit payment increases that the beneficiaries did not earn.

Nineteen beneficiaries were improperly paid approximately \$127,000 because SSA increased their PIAs and OASDI benefits based on earnings we determined were inaccurate. Projecting our results to the population, we estimate 1,700 beneficiaries were improperly paid approximately \$8 million. Additionally, we estimate SSA will improperly pay 1,460 of these beneficiaries approximately \$2.8 million in the next 12 months if the Agency does not correct their records.

For eight beneficiaries, SSA had not processed PIA increases based on inaccurate earnings posted on the beneficiaries' records. However, unless SSA removes the inaccurate earnings, the Agency will most likely increase their benefits based on the inaccurate earnings in the near future, and improperly pay these beneficiaries approximately \$4,600 in additional benefits for 2019. If not corrected, some of these improper payments will likely continue in years beyond 2019 as well.

Recommendations

We provided five recommendations to SSA, including that it establish a process to review the accuracy of earnings records and PIA increases of beneficiaries likely to have inaccurate earnings posted to their records after their entitlement to OASDI. SSA should apply criteria such as, but not limited to, the criteria we used in our review and revise its criteria based on the results of its reviews to continuously improve the effectiveness of the process. SSA agreed with our recommendations.