

Accuracy of Auxiliary Payments to Children After Divorce

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) terminated auxiliary benefits to a stepchild when a marriage between the beneficiary and the child's parent ended in divorce.

Background

An individual is eligible for Old-Age, Survivors and Disability Insurance (OASDI) benefits as a stepchild if (1) his/her natural or adoptive parent married the beneficiary after the child was born or (2) he/she was conceived before the natural or adoptive parent married the beneficiary but was born after that marriage.

Pub. L. No. 104-121, the *Contract with America Advancement Act of 1996*, requires that, effective July 1996, a stepchild's entitlement to benefits end the month after the natural parent's divorce from the beneficiary. Before this change, the divorce had no effect on a stepchild's entitlement.

In 2003 and 2006, SSA's Office of Budget, Finance, Quality, and Management (OBFQM) assessed the accuracy of stepchild benefits. These studies identified over \$12 million in processing errors. OBFQM found that even when divorces were reported to the Agency, the termination action for the stepchild was often mishandled.

Our Findings

SSA issued payments to auxiliary beneficiaries after the parents' divorce. We identified 1,390 stepchildren whom SSA determined were entitled to auxiliary OASDI benefits, and the beneficiary's marriage ended in divorce in or after June 2007. We randomly selected 60 of the 1,390 stepchildren to determine whether SSA properly terminated their benefits after the parents divorced.

Of the 60 beneficiaries sampled, we found SSA did not take appropriate action to terminate OASDI benefits for 11 stepchildren. Based on our analysis, we estimate SSA overpaid about \$3.1 million to 248 stepchildren. Unless SSA takes action to identify and correct these errors, we estimate the stepchildren will receive additional overpayments of approximately \$479,000 until they reach age 18 or are older and a full-time student.

Our Recommendations

We recommend SSA:

1. Review the benefits for the 11 stepchildren we identified, collect OASDI overpayments, and initiate termination actions, as appropriate.
2. Determine and implement the most cost-effective process to prevent and detect overpayments to stepchildren after the parents' divorce.

SSA agreed with our recommendations.