

*Audit Report*

Higher Benefits for Dually Entitled  
Widow(er)s Had They Delayed  
Applying for Retirement Benefits



## MEMORANDUM

**Date:** February 14, 2018 **Refer To:**

**To:** The Commissioner

**From:** Acting Inspector General

**Subject:** Higher Benefits for Dually Entitled Widow(er)s Had They Delayed Applying for Retirement Benefits (A-09-18-50559)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration had adequate controls to inform widow(er) beneficiaries of their option to delay their application for retirement benefits.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.

A handwritten signature in black ink that reads "Gale Stallworth Stone".

Gale Stallworth Stone

Attachment

cc:  
General Counsel

# Higher Benefits for Dually Entitled Widow(er)s Had They Delayed Applying for Retirement Benefits

## A-09-18-50559



February 2018

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) had adequate controls to inform widow(er) beneficiaries of their option to delay their application for retirement benefits.

### Background

An application for retirement or widow(er)'s benefits is an application for both benefits, unless it is restricted. When a widow(er)'s benefit is higher, claimants may delay filing their retirement application up to age 70 to increase their retirement benefits.

Claimants may limit the scope of the application to exclude retirement benefits to maximize the amount of future benefits, including the effect of delayed retirement credits before age 70.

SSA employees must explain the advantages and disadvantages of filing an application so claimants can make an informed filing decision. However, the decision to file belongs solely to the claimant. SSA employees must discuss and document any unfavorable filing decisions.

We identified 13,564 beneficiaries in current pay who, according to the Master Beneficiary Record, were dually entitled to widow(er)'s and retirement benefits before age 70 with the same initial month of entitlement.

### Findings

SSA needs to improve controls to ensure it informs widow(er) beneficiaries of their option to delay their application for retirement benefits. Based on our random sample of 50 beneficiaries, we estimate 11,123 would have been eligible for a higher monthly benefit amount had they delayed their retirement application until age 70. Of these, we estimate SSA underpaid about \$131.8 million to 9,224 beneficiaries who were age 70 and older. In addition, we estimate SSA will underpay an additional 1,899 beneficiaries who were under age 70 about \$9.8 million, annually, beginning in the year they attain age 70.

We did not find any evidence SSA had informed claimants of the option to delay their retirement application when they applied for benefits, as required. We also found that SSA did not have systems controls in place to alert its employees when they should inform widow(er)s of their option to delay their applications for retirement benefits.

### Recommendations

We recommend that SSA:

1. Take action, as appropriate, for the 41 beneficiaries identified by our audit.
2. Evaluate the results for the 41 beneficiaries in our sample and determine whether it should review the remaining population of 13,514 beneficiaries.
3. Remind employees to discuss with widow(er) claimants the effect of delaying their applications for retirement benefits and document the facts and decisions in accordance with SSA policy.
4. Determine whether it should develop additional controls to ensure it informs widow(er) beneficiaries of their option to delay their application for retirement benefits.

SSA agreed with our recommendations.

## TABLE OF CONTENTS

Objective .....	1
Background .....	1
Results of Review .....	2
Conclusions.....	4
Recommendations.....	5
Agency Comments.....	5
Appendix A – Scope and Methodology .....	A-1
Appendix B – Sampling Methodology and Results .....	B-1
Appendix C – Agency Comments.....	C-1

## **ABBREVIATIONS**

FRA	Full Retirement Age
MBR	Master Beneficiary Record
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
U.S.C.	United States Code
WIB/RIB	Widow(er)'s Insurance Benefits/Retirement Insurance Benefits

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had adequate controls to inform widow(er) beneficiaries of their option to delay their application for retirement benefits.

## BACKGROUND

The *Social Security Act* provides monthly benefits to retired and disabled workers, including their dependents and survivors.<sup>1</sup> Normally, when a claimant applies for Old-Age, Survivors and Disability Insurance benefits, the application covers all benefits for which the claimant is eligible unless he/she specifically limits the scope of the application. SSA employees determine a claimant's eligibility for all benefits, explain the benefit options, and discuss factors that affect the claimant's decision.

An application for retirement or widow(er)'s benefits is an application for both benefits, unless it is restricted.<sup>2</sup> When a widow(er)'s benefit is higher, claimants may delay filing their retirement application up to age 70 to increase their retirement benefits. Claimants may limit the scope of the application to exclude retirement benefits to maximize the amount of future benefits, including the effect of delayed retirement credits<sup>3</sup> before age 70.

SSA employees must explain the advantages and disadvantages of filing an application so claimants can make an informed filing decision. SSA employees must discuss and document any unfavorable filing decisions, such as filing an application for retirement benefits when it would be advantageous to delay the application. If a claimant applies for benefits even though it is not in his/her best interest, SSA employees must document the facts and decision in its automated system.<sup>4</sup>

We identified 13,564 beneficiaries in current pay who, according to the Master Beneficiary Record, were dually entitled to widow(er)'s and retirement benefits before age 70 with the same initial month of entitlement. The combined widow(er) and retirement monthly benefit amount for these beneficiaries may have been less than the retirement monthly benefit amount had they delayed their retirement application until age 70. From this population, we selected a random sample of 50 beneficiaries for review (see Appendix A).

---

<sup>1</sup> *Social Security Act*, 201 et seq, and 42 U.S.C. 401 et seq.

<sup>2</sup> SSA, *POMS, GN-General*, ch. GN 00204, subch. GN 00204.020 (February 3, 2017); Form SSA-1-BK, *Application for Retirement Insurance Benefits* (March 2017); and Form SSA-10-BK, *Application for Widow's or Widower's Insurance Benefits* (June 2017).

<sup>3</sup> A delayed retirement credit is an increase in the monthly benefit amount due a beneficiary or widow(er) for each month a benefit is due but not paid beginning with full retirement age (FRA) up to age 70. SSA, *POMS, RS-Retirement and Survivors*, ch. RS 00615, subch. RS 00615.690, sec. A (December 9, 2016).

<sup>4</sup> SSA, *POMS, GN-General*, ch. GN 00201, subch. GN 00201.005, sec. C (September 18, 2013).

## **RESULTS OF REVIEW**

SSA needs to improve controls to ensure it informs widow(er) beneficiaries of their option to delay their application for retirement benefits. Based on our random sample, we estimate 11,123 beneficiaries would have been eligible for a higher monthly benefit amount had they delayed their retirement application until age 70.<sup>5</sup> Of these, we estimate SSA underpaid about \$131.8 million to 9,224 beneficiaries who were age 70 and older. In addition, we estimate SSA will underpay an additional 1,899 beneficiaries who were under age 70 about \$9.8 million, annually, beginning in the year they attain age 70 (see Appendix B).

When these claimants applied for benefits, SSA should have informed them of the option to delay their retirement application up to age 70. However, we did not find any evidence in the Agency's automated system to support the claimant's decision to elect to file for retirement benefits, as required. Finally, SSA did not have systems controls in place to alert its employees when they should inform widow(er)s of the option to delay their applications for retirement benefits.

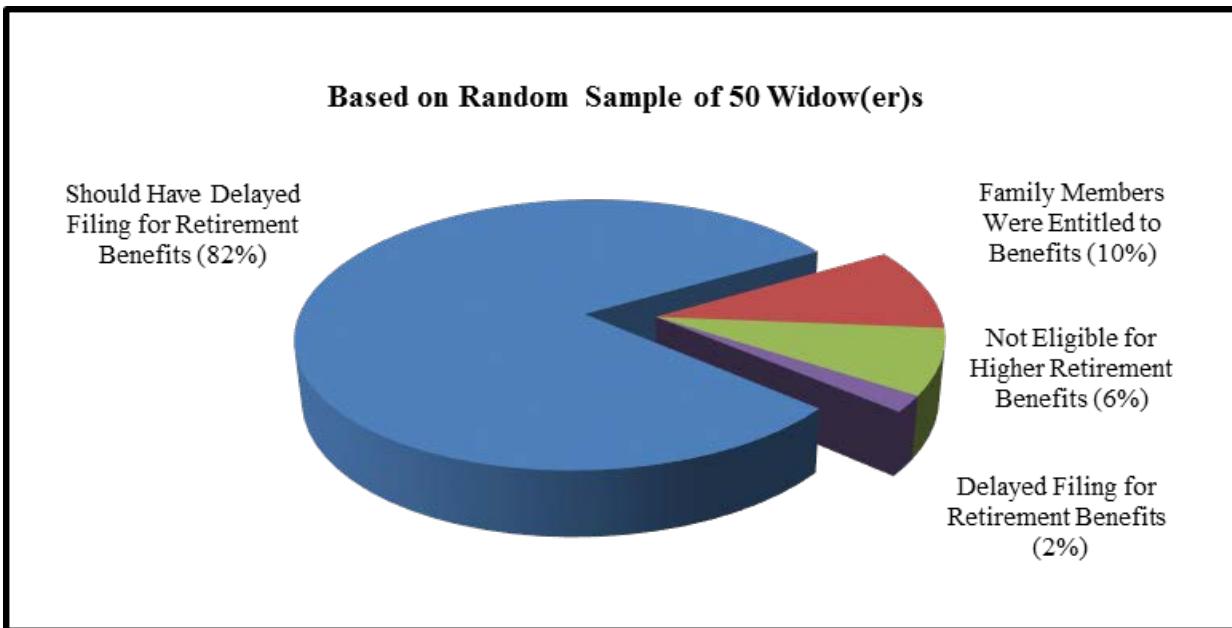
Of the 50 beneficiaries in our sample, 41 (82 percent) were eligible for a higher monthly benefit amount had they delayed their retirement application until age 70. These claimants had a higher widow(er)'s benefit when they applied for benefits; therefore, they should have limited the scope of their application and delayed their retirement application up to age 70 to increase their total monthly benefit amount. However, SSA concurrently awarded widow(er)'s and retirement benefits and did not document the unfavorable filing decisions in its automated system. Of the 41 beneficiaries, 34 were age 70 and older, and SSA underpaid them \$485,911. In addition, seven beneficiaries were under age 70, and SSA will underpay them \$36,300, annually, beginning in the year they attain age 70.

Five beneficiaries (10 percent) properly applied for retirement benefits because they had a spouse or children who were also entitled to benefits on their record. Although the beneficiaries would have received higher retirement benefits at age 70, it was advantageous for them to apply for retirement benefits before age 70 to allow their spouses or children to be eligible for benefits. For three beneficiaries (6 percent), the retirement monthly benefit amount at age 70 did not exceed the widow(er)'s monthly benefit amount. The remaining beneficiary (2 percent) received widow's benefits and delayed her retirement application until the retirement benefit exceeded the widow's benefit. Figure 1 summarizes the results of our review.

---

<sup>5</sup> Beneficiaries are eligible to receive the highest retirement benefit at age 70; however, they may apply for higher retirement benefits before age 70.

**Figure 1: Widow(er)s Eligible for Higher Retirement Benefits at Age 70**



SSA policy states its employees must explain the advantages and disadvantages of filing an application and the filing considerations so the claimant can make an informed filing decision. The decision to file belongs solely to the claimant. SSA employees should document the facts and the decision for any unusual circumstances that affect the filing date or amount of benefits.<sup>6</sup> When a widow(er)'s benefit exceeds his/her retirement benefit, the widow(er) has the option to delay filing a retirement application up to age 70 to receive a higher monthly benefit amount. For example, if a beneficiary is entitled to a \$1,000 widow(er)'s and \$800 retirement monthly benefit, SSA only pays the beneficiary \$1,000, consisting of \$800 as a retiree and \$200 as a widow(er). If the beneficiary delays filing for retirement benefits, he/she receives \$1,000 as a widow(er) and retains the opportunity to receive a higher retirement benefit up to age 70 because of additional earnings and/or delayed retirement credits.<sup>7</sup>

SSA annually performs the Widow(er)'s Insurance Benefits/Retirement Insurance Benefits (WIB/RIB) operation to identify and notify widow(er)s who are eligible for higher retirement benefits at full retirement age (FRA) and age 70. The WIB/RIB operation provides widow(er)s with up to three notices during their lifetime: at FRA, at age 70, and approximately 1 year after age 70.

For the 41 claimants who had a higher widow(er)'s benefit when they applied for benefits, we did not find any evidence to support the claimant's decision to file for both widow(er) and retirement benefits. These claimants had the option to limit the scope of their applications to

<sup>6</sup> SSA, *POMS, GN-General*, ch. GN 002, subch. GN 00201.005, sec. C (September 18, 2013).

<sup>7</sup> SSA, *POMS, RS-Retirement and Survivors*, ch. RS 006, subch. RS 00615.101 (March 29, 2017); and SSA, *POMS, RS-Retirement and Survivors*, ch. RS 006, subch. RS 00615.690 (December 9, 2016).

widow(er)'s benefits and delay their retirement applications up to age 70 to increase their monthly benefit amount. In addition, SSA's automated system did not generate alerts to ensure its employees informed the claimants of their option to delay their retirement application or document the decision to file a retirement application.

Although the 41 claimants had a higher widow(er)'s benefit and should have limited the scope of their applications, SSA concurrently awarded widow(er)'s and retirement benefits. Had these claimants not applied for a retirement benefit, SSA's WIB/RIB operation would have identified and notified them of their eligibility for higher retirement benefits at FRA, at age 70, and approximately 1 year after age 70.

For example, in January 2011, an individual applied for retirement and widow's benefits. She was eligible for a \$1,403 widow's and \$1,140 retirement monthly benefit. SSA paid a combined widow's and retirement monthly benefit amount of \$1,403, consisting of \$263 as a widow and \$1,140 as a retiree. By limiting the scope of her application, she would have received the widow's \$1,403 monthly benefit and retained the option to apply for higher retirement benefits at a later date. We did not find any evidence that SSA employees informed the widow about her option to delay her retirement application up to age 70 to increase her retirement benefits. The widow attained age 70 in August 2015. SSA paid her the combined retirement and widow(er)s benefits totaling \$39,708 for the period August 2015 to September 2017. Had the widow delayed filing for retirement benefits until age 70, she would have received \$52,708 during this period. As a result, SSA underpaid the widow \$13,000.

## CONCLUSIONS

SSA needs to improve controls to ensure it informs widow(er) beneficiaries of their option to delay their application for retirement benefits. We estimate that 11,123 beneficiaries would have been eligible for a higher monthly benefit amount had they delayed their retirement application until age 70.<sup>8</sup> Of these, we estimate SSA underpaid about \$131.8 million to 9,224 beneficiaries who were age 70 and older. In addition, we estimate SSA will underpay an additional 1,899 beneficiaries who were under age 70 about \$9.8 million, annually, beginning in the year they attain age 70 (see Appendix B).

When these claimants applied for benefits, SSA should have informed them of their option to delay their retirement application up to age 70. However, we did not find any evidence that SSA employees had informed them or documented the unfavorable filing decisions in the Agency's automated system, as required. Finally, SSA did not have systems controls in place to alert its employees when they should inform widow(er)s of their option to delay their applications for retirement benefits.

---

<sup>8</sup> Beneficiaries are eligible to receive the highest retirement benefit at age 70; however, they may apply for higher retirement benefits before age 70.

## **RECOMMENDATIONS**

We recommend that SSA:

1. Take action, as appropriate, for the 41 beneficiaries identified by our audit.
2. Evaluate the results for the 41 beneficiaries in our sample and determine whether it should review the remaining population of 13,514 beneficiaries.
3. Remind employees to discuss with widow(er) claimants the effect of delaying their applications for retirement benefits and document the facts and decisions in accordance with SSA policy.
4. Determine whether it should develop additional controls to ensure it informs widow(er) beneficiaries of their option to delay their application for retirement benefits.

## **AGENCY COMMENTS**

SSA agreed with our recommendations. The Agency's comments are included in Appendix C.

A handwritten signature in black ink, appearing to read "Rona Lawson".

Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

## **Appendix A – SCOPE AND METHODOLOGY**

---

From the Social Security Administration’s (SSA) Master Beneficiary Record (MBR), we obtained a data extract of 13,564 beneficiaries in current pay who, as of January 2017, were dually entitled to widow(er)s and retirement benefits before age 70 with the same initial month of entitlement. The combined widow(er) and retirement monthly benefit amount for these beneficiaries may have been less than the retirement monthly benefit amount if they delayed their retirement application until age 70. From this population, we selected a random sample of 50 beneficiaries for review.

To accomplish our objective, we

- reviewed the applicable sections of the *Social Security Act* and SSA’s Program Operations Manual System;
- interviewed SSA employees from the Offices of Operations, Systems, and Retirement and Disability Policy;
- reviewed queries from SSA’s MBR, Payment History Update System, Modernized Claims System, and Claims File Records Management System; and
- determined whether dually entitled widow(er)s were eligible for higher benefits had they delayed applying for retirement benefits up to age 70.

We determined whether the computer-processed data from the MBR were sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data. These tests allowed us to assess the reliability of the data and achieve our audit objective.

We conducted audit work in Richmond, California, and Baltimore, Maryland, between June and September 2017. The entity audited was the Office of Operations under 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 B – SAMPLING METHODOLOGY AND RESULTS

---

From the Social Security Administration's (SSA) Master Beneficiary Record, we obtained a data extract of 13,564 beneficiaries in current pay who, as of January 2017, were dually entitled to widow(er)s and retirement benefits before age 70 with the same initial month of entitlement. The combined widow(er) and retirement benefit may have been less than their retirement benefit had they delayed their retirement application until age 70. From this population, we selected a random sample of 50 beneficiaries for review. Specifically, we determined whether dually entitled widow(er)s were eligible for higher benefits had they delayed applying for retirement benefits up to age 70.

Of the 50 beneficiaries in our sample, 41 would have been eligible for a higher monthly benefit amount had they delayed their retirement application until age 70. These claimants had a higher widow(er)'s benefit when they applied for benefits; therefore, they should have limited the scope of their application and delayed their retirement application up to age 70 to increase their total monthly benefit amount. However, SSA concurrently awarded widow(er)'s and retirement benefits and did not document the unfavorable filing decisions in its automated system, as required. Of the 41 beneficiaries, 34 were age 70 and older, and SSA underpaid them \$485,911. In addition, seven beneficiaries were under age 70, and SSA will underpay them \$36,300, annually, beginning in the year they attain age 70.

Projecting these results to our population of 13,564 beneficiaries, we estimate SSA underpaid about \$131.8 million to 9,224 beneficiaries who were age 70 and older. In addition, we estimate SSA will underpay an additional 1,899 beneficiaries who were under age 70 about \$9.8 million, annually, beginning in the year they attain age 70.

The following tables provide the details of our sample results and statistical projections.

**Table B–1: Population and Sample Size**

Description	Beneficiaries
Population Size	13,564
Sample Size	50

**Table B–2: Retirement Benefits Payable to Widow(er)s Age 70 and Older**

Description	Beneficiaries	Payments
Sample Results	34	\$485,911
Point Estimate	9,224	\$131,817,936
Projection – Lower Limit	7,537	\$92,455,861
Projection – Upper Limit	10,684	\$171,180,012

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

**Table B–3: Annual Retirement Benefits Payable to Widow(er)s Under Age 70**

Description	Beneficiaries	Payments
Sample Results	7	\$36,300
Point Estimate	1,899	\$9,847,464
Projection – Lower Limit	919	\$2,971,092
Projection – Upper Limit	3,346	\$16,723,836

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

## **Appendix C – AGENCY COMMENTS**

---



### **SOCIAL SECURITY**

#### **MEMORANDUM**

Date: February 7, 2018 Refer To: S1J-3

To: Gale S. Stone  
Acting Inspector General

A handwritten signature in blue ink that reads "Stephanie Hall".

From: Stephanie Hall  
Acting Deputy Chief of Staff

Subject: The Office of the Inspector General Draft Report, "Higher Benefits for Dually Entitled Widow(er)s Had They Delayed Applying for Retirement Benefits" (A-09-18-50559)--  
INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “HIGHER BENEFITS FOR DUALLY ENTITLED WIDOW(ER)S HAD THEY DELAYED APPLYING FOR RETIREMENT BENEFITS” (A-09-18-50559)**

**General Comments**

We are committed to informing individuals of filing considerations when they apply for Social Security benefits for which they are eligible, and ensuring that all beneficiaries receive accurate benefit payments. We are responsible for explaining the advantages and disadvantages of filing an application so that the individual can make an informed filing decision. The decision to file belongs solely to the claimant. If the individual decides to file an application even though it is not in his or her best interest, policy requires that we document the facts and the decision electronically.

**Recommendation 1**

Take action, as appropriate, for the 41 beneficiaries identified by our audit.

**Response**

We agree.

**Recommendation 2**

Evaluate the results for the 41 beneficiaries in OIG’s sample and determine whether we should review the remaining population of 13,514 beneficiaries.

**Response**

We agree.

**Recommendation 3**

Remind employees to discuss with widow(er) claimants the effect of delaying their applications for retirement benefits and document the facts and decisions in accordance with SSA policy.

**Response**

We agree.

**Recommendation 4**

Determine whether we should develop additional controls to ensure we inform widow(er) beneficiaries of their option to delay their application for retirement benefits.

**Response**

We agree.

## MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

## CONNECT WITH US

The OIG Website (<https://oig.ssa.gov/>) gives you access to a wealth of information about OIG. On our Website, you can report fraud as well as find the following.

- OIG news
- audit reports
- investigative summaries
- Semiannual Reports to Congress
- fraud advisories
- press releases
- congressional testimony
- an interactive blog, “[Beyond The Numbers](#)” where we welcome your comments

In addition, we provide these avenues of communication through our social media channels.



[Watch us on YouTube](#)



[Like us on Facebook](#)



[Follow us on Twitter](#)



[Subscribe to our RSS feeds or email updates](#)

## OBTAIN COPIES OF AUDIT REPORTS

To obtain copies of our reports, visit our Website at <https://oig.ssa.gov/audits-and-investigations/audit-reports/all>. For notification of newly released reports, sign up for e-updates at <https://oig.ssa.gov/e-updates>.

## REPORT FRAUD, WASTE, AND ABUSE

To report fraud, waste, and abuse, contact the Office of the Inspector General via

**Website:** <https://oig.ssa.gov/report-fraud-waste-or-abuse>

**Mail:** Social Security Fraud Hotline  
P.O. Box 17785  
Baltimore, Maryland 21235

**FAX:** 410-597-0118

**Telephone:** 1-800-269-0271 from 10:00 a.m. to 4:00 p.m. Eastern Standard Time

**TTY:** 1-866-501-2101 for the deaf or hard of hearing