

Summary of Dually Entitled Beneficiaries Who Are Subject to the Windfall Elimination Provision and Government Pension Offset

A-09-12-11210



January 2013

Office of Audit

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure it properly imposed the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) for dually entitled beneficiaries.

Background

The *Social Security Act* includes two provisions that reduce Social Security monthly benefits paid to individuals who receive a pension based on Federal, State, or local government employment not covered by Social Security. WEP uses a modified benefit formula to eliminate “windfall” from a wage earner’s monthly Social Security retirement benefit. GPO reduces monthly Social Security benefits for spouses, divorced spouses, and widows who receive a pension based on their employment for a Federal, State, or local government not covered by Social Security.

Our Findings

SSA needs to improve its controls to ensure it properly imposes WEP and GPO for dually entitled beneficiaries. We estimate that SSA

- overpaid \$19.2 million in retirement benefits to 2,046 beneficiaries because WEP was not properly applied,
- overpaid \$14.6 million in spousal benefits to 1,662 beneficiaries because GPO was not properly imposed, and
- will overpay \$12.7 million annually to 3,708 beneficiaries unless it takes action to identify and correct these payment errors.

We also estimate that 3,961 beneficiaries were exempt from WEP and 3,148 were exempt from GPO, but SSA employees did not record the exemption reason on the Master Beneficiary Record, as required.

Finally, SSA did not take action to impose WEP and GPO on a population of beneficiaries identified in our prior audit. Consequently, we estimate that SSA overpaid these beneficiaries an additional \$181.6 million.

Our Recommendations

We recommend that SSA:

1. Establish overpayments or record a WEP or GPO exemption for the 104 beneficiaries identified by our audit.
2. Determine whether there is a cost-effective method to identify and correct the population of overpaid dually entitled beneficiaries in current pay whose benefits should be reduced for WEP or GPO.
3. Identify and, if appropriate, implement controls to prevent and resolve pension discrepancies recorded on the Master Beneficiary Records of dually entitled beneficiaries.
4. Remind employees to review both the WEP and GPO provisions when they receive pension information for dually entitled beneficiaries.

SSA agreed with all our recommendations.