

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

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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.