



# Office of the Inspector General

## SOCIAL SECURITY ADMINISTRATION

### MEMORANDUM

**Date:** June 4, 2021

**To:** Andrew Saul  
Commissioner

**From:** Gail S. Ennis  
Inspector General

**Subject:** The Social Security Administration's Application of the Retirement Insurance Benefits Limitation and Reduced Widow(er)'s Benefit Policy (A-01-13-23095)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration overpaid widows when it applied the *Social Security Act's* Retirement Insurance Benefit limitation provision and the reduced widow's benefit policy.

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

Gail S. Ennis

cc: Trae Sommer  
Attachment

# ***The Social Security Administration’s Application of the Retirement Insurance Benefits Limitation and Reduced Widow(er)’s Benefit Policy***

**(A-01-13-23095)**

In November 2020, the Social Security Administration (SSA) paid 3.8 million widows<sup>1</sup> \$5.3 billion in monthly benefits. Generally, the base widow’s benefit is the amount their deceased spouse received. However, if a deceased individual received reduced retirement or disability benefits, the monthly benefit payable to a widow is capped at the amount to which the deceased individual would receive if alive, or 82½ percent of the deceased individual’s base benefit amount—whichever is higher. SSA refers to this as the Retirement Insurance Benefits (RIB) limitation. A widow’s benefit may be less than the RIB limitation if he/she elected to receive reduced widow’s benefits before his/her own full retirement age. In that case, the amount is limited to the lesser of the RIB limitation amount or the reduced widow’s benefit.

We determined whether SSA overpaid widows when it applied the *Social Security Act*<sup>2</sup> RIB limitation provision and the reduced widow’s benefit policy.<sup>3</sup> To accomplish our objective, we reviewed applicable criteria<sup>4</sup> and identified 2,279 widows who appeared to have been overpaid through November 2019 and selected a random sample of 100 for detailed analysis (see Appendix 2).

We estimate SSA overpaid approximately 1,846 widows \$28.7 million through November 2019.<sup>5</sup> Because of the complexity of the RIB limitation and reduced widow’s benefit calculations, Agency employees may need to calculate the correct benefit amount manually. While SSA systems issue alerts when manual processing is required, and the Agency provides employees with training and online tools, we found employees still made computational errors on these complex cases. The overpaid widows we identified comprise less than 1 percent of all widows receiving benefits from SSA.

For example, a Minnesota woman became entitled to her own retirement benefits 6 months after her widow’s benefits began. SSA paid the benefits from each record until she reached full

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<sup>1</sup> We use the term “widow” to refer to both widows and widowers. We have also issued reports on underpayments to widows. See SSA, OIG, *Underpayments to Widows*, A-01-08-28116 (May 2008) and *Underpaid Disabled Widows*, A-01-10-20115 (February 2011).

<sup>2</sup> *Social Security Act*, 42 U.S.C. §402(e)(2)(D) and (f)(2)(D) (govinfo.gov 2018).

<sup>3</sup> SSA, POMS, RS 00615.322 D (March 12, 2013).

<sup>4</sup> See Background information in Appendix 1.

<sup>5</sup> We use the term “overpayment” to indicate the widow received a higher payment than was due. In some of our sample cases, SSA identified the incorrect payment amount, but it applied its administrative finality policy and did not revise the payment. For more information on administrative finality, see SSA, OIG, *Significance of Administrative Finality in the Social Security Administration’s Programs*, A-08-11-21107 (July 2012) and *The Social Security Administration’s Administrative Finality Policy*, A-01-19-50859 (May 2021).

retirement age in 2001 when the Agency combined the benefits into one payment.<sup>6</sup> Remarks in the claim record indicated the employee who attempted to process the payments manually handed the claim off to another employee after noting in the record, “I did not finish [the widow’s claim] because of all the adjustments necessary [for other beneficiaries on the record] . . . I am sorry, but I do not feel I could figure the correct benefit amounts. I have stewed about this too long already.” We estimate the Agency overpaid this widow \$19,932 from September 1998 through November 2019.

The Agency has automated tools in place to help employees compute widow’s benefits. For example, employees can use an online calculation to determine widow’s benefit amounts based on the appropriate situation, access reference guides online to determine widow’s benefits, or view video-on-demand refresher training. However, some tools rely on manual input for complicated computations, which may increase the risk of error.<sup>7</sup> Additionally, the Agency’s training material for employees states, “The computations of widow(er)’s benefits can be complex and involves considerations unique to this class of benefits.”<sup>8</sup> According to SSA,

Inaccurate information and administrative mistakes can cause errors in calculating benefits. For [Fiscal Years] 2015–2019, approximately 60 percent of computation error dollars resulted in overpayments with the leading causes being [the Windfall Elimination Provision], adjustment of the family maximum . . . , and failure to apply the Retirement Insurance Benefit Limitation . . . when applicable. [The Windfall Elimination Provision] accounted for 36 percent of computation error dollars for the 5- year period, while the [family maximum] and [RIB limitation], respectively, accounted for 13 percent and 8 percent of these error dollars.<sup>9</sup>

For corrective action, the Agency stated it

- created refresher training packages for processing center technicians in Fiscal Year 2019;
- worked with various components to update frequently misinterpreted policy and procedural references related to difficult or complex workloads, and it will continue updating other frequently misinterpreted policies and procedures;

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<sup>6</sup> Before full retirement age, SSA paid the widow a portion of her total benefit from her own record, and the rest from her deceased husband’s record. After full retirement age, the Agency combined the portions to show the total amount paid from her own record. Additionally, there was a change to who received benefits on the deceased person’s record.

<sup>7</sup> For example, one tool contains the following message: “This tool does NOT replace job knowledge. The user must review and verify all information . . . The user is responsible for verifying, copying and pasting [information] into the tool . . . Anything that is missing from the copied [data] must be added manually. Note that if the [record] contains erroneous data, the rates may be incorrect. The user must review and verify all inputs and pasted information.” (SSA, Rates Tool, accessed February 5, 2021. The tool also contains a link to a user guide.)

<sup>8</sup> SSA, *Title II Claims Representative Basic Training, Widow(er)’s Benefits*, MOD-18 / CH-01, p. 102 (2012-3).

<sup>9</sup> SSA, *Agency Financial Report Fiscal Year 2020*, p. 188 (November 10, 2020).

- will continue pursuing opportunities to reduce the processing center backlog by streamlining and automating manual workloads, and, in Fiscal Year 2020, it implemented two automation enhancements to reduce manual actions;
- will increase the number of processing center technicians and institute workflow enhancements and quality initiatives in Fiscal Year 2021 to improve overall performance;<sup>10</sup> and
- began updating “. . . problematic [Old-Age, Survivors and Disability Insurance] system alerts, exceptions, and processing limitation codes with better descriptive definitions. . .” in Fiscal Year 2017, continuing into Fiscal Year 2021, “to give technicians more precise information on actions needed.”<sup>11</sup>

We identified errors in manual processing in March,<sup>12</sup> May,<sup>13</sup> and December 2020<sup>14</sup> reports. SSA agreed with our recommendations, stating it recognized that manual processing of post-entitlement alerts is error prone. In addition to the actions listed above, SSA

- implemented a national quality review process;
- updated its instructions to clarify for technicians that they must review all beneficiaries on a record to confirm the accuracy of benefit payments;<sup>15</sup> and
- began modernizing a system to generate a consolidated alert for all beneficiaries receiving duplicate payments on the Master Beneficiary Record.<sup>16</sup>

Actions to improve the accuracy of manual calculations—such as reminding employees of the tools available and proper procedures for determining benefit amounts—and oversight to improve the timeliness of resolving processing alerts correctly should help reduce improper payments. Because SSA is taking steps to improve manually processed workloads at its payment centers in response to other Office of the Inspector General reports and is working to clarify processing instructions, we did not make recommendations related to processing widows’ cases. However, we recommended, and SSA agreed to, review the cases in our population to assess and recover the overpayments. See Appendix 3.

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<sup>10</sup> SSA, *Agency Financial Report Fiscal Year 2020*, pp. 188 and 189 (November 10, 2020).

<sup>11</sup> SSA, *Agency Financial Report Fiscal Year 2020*, p. 190, Table 2.4 (November 10, 2020).

<sup>12</sup> SSA, OIG, *Manual Actions on Old-Age, Survivors and Disability Insurance Post-entitlement Alerts*, A-07-18-50621 (March 2020).

<sup>13</sup> SSA, OIG, *Agency Processing of Duplicate Payment Detection Alerts*, A-05-19-50796 (May 2020). The Agency agreed with four of five recommendations and disagreed with one to establish a timeliness requirement for processing alerts (p. C-1).

<sup>14</sup> SSA, OIG, *Old-Age, Survivors and Disability Insurance Child Beneficiaries Receiving Benefits Under Multiple Records*, A-08-19-50814 (December 2020).

<sup>15</sup> SSA, OIG, *Old-Age, Survivors and Disability Insurance Child Beneficiaries Receiving Benefits Under Multiple Records*, A-08-19-50814, p. C-1 (December 2020).

<sup>16</sup> SSA, OIG, *Old-Age, Survivors and Disability Insurance Child Beneficiaries Receiving Benefits Under Multiple Records*, A-08-19-50814, p. 6 (December 2020).

## BACKGROUND

### Retirement Insurance Benefits Limitation

A beneficiary may choose to receive benefits before his/her full retirement age.<sup>1</sup> If a deceased individual received reduced retirement or disability benefits before his/her death, the monthly widow's benefit amount is limited. The Social Security Administration (SSA) calls this the Retirement Insurance Benefits (RIB) limitation. The RIB limitation caps the monthly benefit payable to a widow at the higher of

- the amount to which the deceased individual would receive if alive or
- 82½ percent of the decedent's base benefit amount<sup>2</sup> for the month of death and subsequent base benefit amounts.<sup>3</sup>

### Reduced Widow's Benefit Policy

A widow who is disabled can receive widow's benefits beginning at age 50, and widows who are not disabled can begin receiving them at age 60.<sup>4</sup> The correct benefit amount may be less than the RIB limitation if he/she elected to receive reduced widow's benefits before his/her own full retirement age.<sup>5</sup> In that case, the benefit amount is limited to the lesser of the RIB limitation or the reduced widow's benefit.<sup>6</sup>

Some widows are entitled to disability benefits based on their own earnings and to widow's benefits based on the earnings of their deceased spouse.<sup>7</sup> Although SSA does not generally reduce disability benefits based on the beneficiary's age, SSA does reduce disabled widow's benefits when the widow elects to receive them before full retirement age.<sup>8</sup> The Agency

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<sup>1</sup> *Social Security Act*, 42 U.S.C. § 402(q). Full retirement age is the age at which a person may first become entitled to unreduced benefits based on age. For workers and spouses born in 1938 or later and widows born in 1940 or later, full retirement age gradually increases from age 65 to 67. The full retirement age increase affects the amount of the reduction for people who begin receiving reduced benefits.

<sup>2</sup> *Social Security Act*, 42 U.S.C. §§ 402(e)(2)(D) and 402(f)(2)(D). The base benefit amount, called the "primary insurance amount," is the monthly amount payable to a retired worker who begins receiving benefits at full retirement age or, if he/she is disabled, and never received a retirement benefit reduced for age. SSA continues updating the base benefit amount for cost of living adjustments after death to adjust survivors' benefit amounts.

<sup>3</sup> *Social Security Act*, 42 U.S.C. §§ 402(e)(2)(D) and 402(f)(2)(D) (govinfo.gov 2018).

<sup>4</sup> *Social Security Act*, 42 U.S.C. § 402 (e), (f) (govinfo.gov 2018).

<sup>5</sup> *Social Security Act*, 42 U.S.C. § 402(q) (govinfo.gov 2018).

<sup>6</sup> SSA, *POMS*, RS 00615.322, D (March 12, 2013).

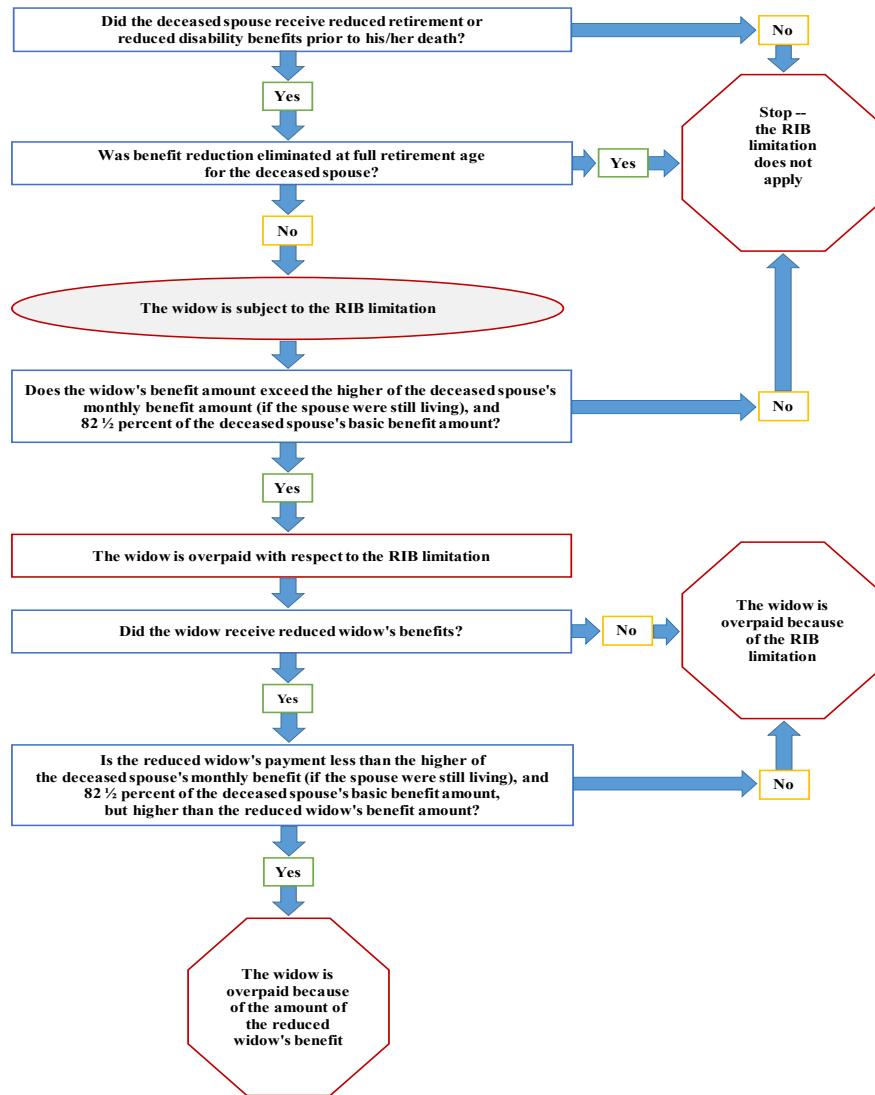
<sup>7</sup> SSA, *POMS*, RS 00615.020 (August 21, 2014).

<sup>8</sup> The reduction amount depends on the number of months before full retirement age benefits begin. SSA, *POMS*, RS 00615.010 (September 22, 2016).

converts disability benefits to retirement benefits at full retirement age, and, if widow's benefits started when the disability benefits began or later, SSA adjusts the widow's benefit amount to remove the reduction for age.<sup>9</sup>

Figure 1 illustrates a basic overview of the RIB limitation and reduced widow's benefit policy.

**Figure 1: Applying the RIB Limitation and Reduced Widow's Benefit Policy**



<sup>9</sup> Social Security Act, 42 U.S.C. § 402(q)(3) (govinfo.gov 2018).

## METHODOLOGY AND SAMPLE RESULTS

### Methodology

We identified widows<sup>1</sup> in current payment status in September 2019 and removed records where the (a) deceased spouse died before age 62 or became entitled after full retirement age; (b) deceased spouse received reduced retirement benefits, but the reduction was eliminated at full retirement age; and (c) widow's monthly benefit amount was the same as what the deceased individual would receive if he/she were alive. Then, we refined the population by identifying widows who were in current payment status as of November 2019<sup>2</sup> and whose December 2018 benefit amount exceeded the higher of

- what the deceased spouse would have received in December 2018 if alive or
- 82½ percent of the deceased spouse's December 2018 base benefit amount.

This resulted in a population of 2,279 widows who were potentially overpaid. We selected a random sample of 100 for analysis. To determine whether the widow's monthly benefit exceeded the Retirement Insurance Benefits (RIB) limitation, we

- obtained the widow's date of entitlement to benefits on the deceased spouse's record;
- obtained the deceased spouse's base benefit amount for the month the widow became entitled to widow's benefits and calculated 82½ percent of that and each subsequent base benefit amount;
- obtained the deceased spouse's monthly benefit amount that would have been due if he/she were still alive;
- compared the amount of 82½ percent of the deceased spouse's base benefit amount to the corresponding deceased spouse's monthly benefit amount and identified the higher of the two—the RIB limitation;
- obtained the widow's monthly benefit amount;<sup>3</sup> and
- compared the widow's monthly benefit amount to the RIB limitation and calculated the amount the widow's monthly benefit amount exceeded the RIB limitation for each month of entitlement through November 2019.

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<sup>1</sup> We use "widows" to refer to both widows and widowers. We selected the population in September 2019 because that is when we obtained data from Social Security Administration's (SSA) records for our preliminary research.

<sup>2</sup> We refined the population in November 2019 after concluding initial testing and preliminary analysis to remove widows no longer in current payment status. We used the December 2018 amount because it was the date of the most recent base benefit amount on record for most of the population as of September 2019. For those records, the December 2018 base benefit amount was the basis of benefit amounts for December 2018 through November 2019.

<sup>3</sup> Based on feedback from SSA, we adjusted the amount the deceased numberholder would be receiving if alive if he/she had received an annuity that reduced it; or, if the deceased numberholder had received reduced Disability Insurance benefits, we removed the reduction effective with the month of his/her full retirement age.

Additionally, we determined whether the widow received reduced widow's benefits. If so, we

- calculated the reduced widow's benefit amount based on the Social Security Administration's (SSA) *Program Operations Manual System*, chapter RS 00615.301.B (March 23, 2015) for each month of entitlement;
- compared our reduced widow's monthly benefit amount to the RIB limitation amount and determined which was lower; and
- compared the lower of the reduced widow's benefit amount or the RIB limitation amount to the widow's monthly benefit amount and calculated the amount the widow's monthly benefit amount exceeded the pertinent limit for each month of entitlement through November 2019.

For cases where the widow's benefit reduction was removed at full retirement age, we

- determined whether the widow's entitlement to widow's benefits began in the month of full retirement age or later;
- determined the reduced widow's benefit amount as described above;
- removed the widow's benefit reduction from the calculation for the month he/she attained full retirement age through November 2019;
- determined the RIB limitation as described above;
- compared the *lower* of the reduced widow's benefit amount or the RIB limitation amount to the widow's monthly benefit amount for months *before* full retirement age and compared the *higher* of the reduced widow's benefit amount or the RIB limitation amount to the widow's monthly benefit amount for the month he/she attained full retirement age through November 2019; and
- calculated the amount the widow's monthly benefit amount exceeded the pertinent limit for each month of entitlement through November 2019.

We reviewed SSA records for our 100 sample cases to determine whether the claim involved automated or manual processing.<sup>4</sup> We provided our preliminary analysis of the first 25 sample cases to SSA for review and incorporated the Agency's feedback into our sample analysis. SSA also provided information about processing for those 25 sample cases as well as 20 additional sample cases and answered questions we asked regarding case processing.

We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components: control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we

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<sup>4</sup> We queried the following SSA systems we queried for evidence of the processing method: Master Beneficiary Record, Payment History Updated System, Modernized Claims System Development Worksheet, Claims File User Interface, Paperless Read Only Query System, and Online Retrieval System Historical Master Beneficiary Record. We did not query all these systems for each sample case.

reviewed the principles of internal controls associated with the audit objective. We identified the following component and three principles as significant to the audit objective.

#### Component 3: Control activities

- Principle 10: Design control activities
- Principle 11: Design activities for the information system
- Principle 12: Implement control activities

We tested the data and concluded they were sufficiently reliable to meet our audit objective. The entity audited was SSA payment centers under the Office of the Deputy Commissioner for Operations. We conducted our review between March 2020 and March 2021 in Boston, Massachusetts. 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 findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Sample Results

Population: 2,279

Sample Size: 100

Table 1 summarizes our sample results.

**Table 1: Sample Results**

Conclusion	Widows	Overpayment	Average Overpayment
Widow Overpaid Because SSA Incorrectly Applied the RIB Limitation	69	\$911,881	\$13,216
Widow Overpaid Because SSA Incorrectly Applied the Reduced Widow's Benefit Policy	7	\$204,465	\$29,209
Widow Overpaid Because of Another Error <sup>5</sup>	4	\$118,106	\$29,526
Widow Overpaid Because SSA Incorrectly Applied Both the RIB Limitation and Reduced Widow's Benefit Policy	1	\$22,732	
<b>Subtotal of Overpaid Cases</b>	<b>81</b>	<b>\$1,257,184</b>	<b>\$15,521</b>
Widow Not Overpaid Because of the RIB Limitation Provision or the Reduced Widow's Benefit Policy <sup>6</sup>	19		
<b>Total</b>	<b>100</b>	<b>\$1,257,184</b>	

<sup>5</sup> SSA stated these widows continued being paid on a record after payment from that record should have stopped because of entitlement on another record.

<sup>6</sup> The benefits one individual received were not due because of identity fraud. In January 2020, the Agency noted on her record that she “knowingly defrauded the US Govt.,” and SSA referred the matter to the Office of Investigations.

Table 2 shows the amount of benefits overpaid to widows over the next 12 months if SSA does not take corrective action.

**Table 2: Overpayments to Widows over the Next 12 Months**

Description	Widows	Overpaid in the Month of November 2019	Estimated Overpayment over the Following 12 Months <sup>7</sup>
Identified in sample <sup>8</sup>	76	\$9,776	\$117,312
Point estimate	1,732	\$222,788	\$2,673,456
Projection lower limit	1,553	\$146,569	\$1,758,828
Projection upper limit	1,885	\$299,007	\$3,588,084

Table 3 shows the length of time of overpayments in our sample.

**Table 3: Length of Overpayments in Sample**

Length of Overpayment	Widows	
Fewer than 5 years	15	19%
5 through 8 years	10	12%
9 through 12 years	9	11%
13 through 16 years	13	16%
17 through 20 years	10	12%
More than 20 years	24	30%
<b>Total</b>	<b>81</b>	<b>100%</b>
<b>Average Length</b>		<b>14 Years</b>
<b>Median Length</b>		<b>14 Years</b>

SSA employees' manual errors caused the overpayments. Of the 81 overpaid sampled widows,

- 73 (90 percent) were processed manually and overpaid because SSA employees did not pay the correct initial widow's benefit amount,<sup>9</sup> and
- 8 (10 percent) were processed through the Agency's automated systems and were overpaid because SSA employees did not correctly manually adjust the widow's record.<sup>10</sup>

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<sup>7</sup> We multiplied the November 2019 amounts by 12 to estimate the overpayments.

<sup>8</sup> In November 2019, 5 of the 81 widows were no longer being overpaid. SSA corrected benefits to four widows, and one widow died.

<sup>9</sup> SSA did not overpay 15 of the 73 widows when they became entitled to widow's benefits but overpaid them later.

<sup>10</sup> SSA did not overpay four of the eight widows when they became entitled to widow's benefits but overpaid them later.

Table 4 shows our estimate of widows overpaid through November 2019.

**Table 4: Estimate of Widows Overpaid Through November 2019**

Description	Widows	Overpaid Through November 2019
Identified in sample	81	\$1,257,184
Point estimate	1,846	\$28,651,232
Projection lower limit	1,677	\$21,779,509
Projection upper limit	1,984	\$35,522,956

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

## AGENCY COMMENTS



## SOCIAL SECURITY

### MEMORANDUM

Date: May 28, 2021 Refer To: TQA-1

To: Gail S. Ennis  
Inspector General

A handwritten signature in blue ink, appearing to read "Scott Frey".

From: Scott Frey  
Chief of Staff

Subject: Office of the Inspector General Draft Memorandum Report "The Social Security Administration's Application of the Retirement Insurance Benefits Limitation and Reduced Widow's Benefit Policy" (A-01-13-23095) – INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendation. We will explore opportunities to improve processing of claims involving reduced widow's benefits through improved automation, processing tools, training, and policy enhancements.

Please let me know if I can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.