

*Audit Report*

Widow(er)s Eligible for an Earlier  
Initial Month of Entitlement

# OIG

Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** August 7, 2017 **Refer To:**

**To:** The Commissioner

**From:** Acting Inspector General

**Subject:** Widow(er)s Eligible for an Earlier Initial Month of Entitlement (A-09-17-50187)

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 establish a correct initial month of entitlement for widow(er) beneficiaries.

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.

*Gale Stallworth Stone*  
Gale Stallworth Stone

Attachment

# Widow(er)s Eligible for an Earlier Initial Month of Entitlement

## A-09-17-50187



August 2017

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) had adequate controls to establish a correct initial month of entitlement for widow(er) beneficiaries.

### Background

Individuals may be entitled to widow(er)'s benefits if they were married to the deceased worker, attained age 60 (or age 50 if disabled), and filed an application. SSA employees are responsible for explaining the advantages of filing an application so the individual can make an informed filing decision.

Generally, the initial month of entitlement begins with the month the individual applies for benefits. However, a widow(er)'s initial month of entitlement could be earlier than the month of application if it does not reduce the widow(er)'s monthly benefit amount. A widow(er)'s initial month of entitlement may be up to 6 months before his/her application filing date or 12 months if he/she is disabled.

We identified 218,052 widow(er)s in current pay who may have been eligible for an earlier initial month of entitlement.

### Findings

SSA needs to improve controls to ensure it establishes the correct initial month of entitlement for widow(er) beneficiaries. Based on our random sample, we estimate SSA underpaid \$285 million to 110,116 widow(er)s who were eligible for an earlier initial month of entitlement.

This occurred because SSA employees improperly established an initial month of entitlement for widow(er)s who met the requirements for entitlement before their application filing date or did not document why the widow(er)s refused an earlier initial month of entitlement, as required. Finally, SSA did not have system controls to alert employees when widow(er)s were eligible for an earlier initial month of entitlement.

### Recommendations

We recommend that SSA:

1. Take appropriate action for the 101 widow(er)s we identified.
2. Determine the feasibility of reviewing the remaining population of widow(er)s who may be eligible for additional months of benefits before their application filing date and could have chosen an earlier initial month of entitlement.
3. Determine whether it should develop additional controls to ensure employees identify widow(er)s who may be eligible for additional months of benefits before their application filing date and establish a correct initial month of entitlement.
4. Remind employees to document why widow(er)s did not elect additional months of benefits, which resulted in a later initial month of entitlement.

SSA agreed with all our recommendations.

## TABLE OF CONTENTS

Objective .....	1
Background .....	1
Results of Review .....	2
Widow(er)s Eligible for an Earlier Initial Month of Entitlement .....	2
Widow(er)s Who Applied for Benefits After Full Retirement Age .....	3
Widow(er)s Who Applied for Benefits at Full Retirement Age or Younger.....	4
Disabled Widow(er)s Who Applied for Benefits.....	5
Conclusions.....	6
Recommendations.....	6
Agency Comments.....	7
Appendix A – Scope and Methodology .....	A-1
Appendix B – Sampling Methodology and Results .....	B-1
Appendix C – Agency Comments .....	C-1

## **ABBREVIATIONS**

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

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had adequate controls to establish a correct initial month of entitlement for widow(er) beneficiaries.

## BACKGROUND

The *Social Security Act* provides monthly benefits to retired and disabled workers, including their dependents and survivors.<sup>1</sup> Individuals may be entitled to widow(er)'s benefits if they were married to the deceased worker, attained age 60 (or age 50 if they are disabled), and filed an application.<sup>2</sup> SSA employees are responsible for explaining the advantages of filing an application so the individual can make an informed filing decision.<sup>3</sup>

Generally, the initial month of entitlement to widow(er)'s benefits begins with the month in which an individual files an application. However, a widow(er)'s initial month of entitlement could be earlier than the month of application if it does not reduce the widow(er)'s monthly benefit amount. Specifically, a widow(er)'s initial month of entitlement may be up to

- 6 months before the application filing date, for widow(er)s who are older than full retirement age;<sup>4</sup>
- 6 months before the application filing date, for widow(er)s who are full retirement age or younger and whose monthly benefit amount is reduced because the deceased wage earner received a reduced retirement benefit; or
- 12 months before the application filing date, for widow(er)s who are disabled.<sup>5</sup>

SSA employees must explain the month of entitlement options to a claimant and record application information, including the initial month of entitlement, in SSA's systems. Based on that information, SSA's systems (1) determine whether a claimant meets the eligibility requirements, (2) calculate the monthly benefit amount, and (3) process the claim. However, there are no systems controls to alert employees when a widow(er) may be eligible for an earlier initial month of entitlement. Finally, SSA employees must document why a widow(er) refused an earlier initial month of entitlement.<sup>6</sup>

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

<sup>2</sup> *Social Security Act* § 202 (e) & (f), 42 U.S.C. § 402, and SSA, *POMS, RS- Retirement and Survivors Insurance*, ch. RS 00207, subch. RS 00207.001 (December 4, 2014).

<sup>3</sup> SSA, *POMS, GN- General*, ch. GN 00201, subch. GN 00201.005, sec. C (September 18, 2013).

<sup>4</sup> SSA, *POMS, RS- Retirement and Survivors Insurance*, ch. RS 00615, subch. RS 00615.003 (May 21, 2004). Full retirement age is the age at which unreduced retirement, spouses, and widow(er)s benefits may be paid.

<sup>5</sup> SSA, *POMS, GN- General*, ch. GN 00204, subch. GN 00204.030, sec. D (February 22, 2017).

<sup>6</sup> SSA, *POMS, GN- General*, ch. GN 00204, subch. GN 00204.032, sec. C (July 18, 2014).

We identified 218,052 widow(er) beneficiaries in current pay who may have been eligible for an earlier initial month of entitlement. From this population, we selected a random sample of 200 widow(er)s for review (see Appendix A).

## RESULTS OF REVIEW

SSA needs to improve controls to ensure it establishes the correct initial month of entitlement for widow(er) beneficiaries. Based on our random sample, we estimate SSA underpaid \$285 million to 110,116 widow(er)s who were eligible for an earlier initial month of entitlement (see Appendix B).

This occurred because SSA employees improperly established an initial month of entitlement for widow(er)s who met the requirements for an entitlement before their application filing date or did not document why the widow(er)s refused an earlier initial month of entitlement, as required. Finally, SSA did not have system controls to alert employees when widow(er)s were eligible for an earlier initial month of entitlement.

### Widow(er)s Eligible for an Earlier Initial Month of Entitlement

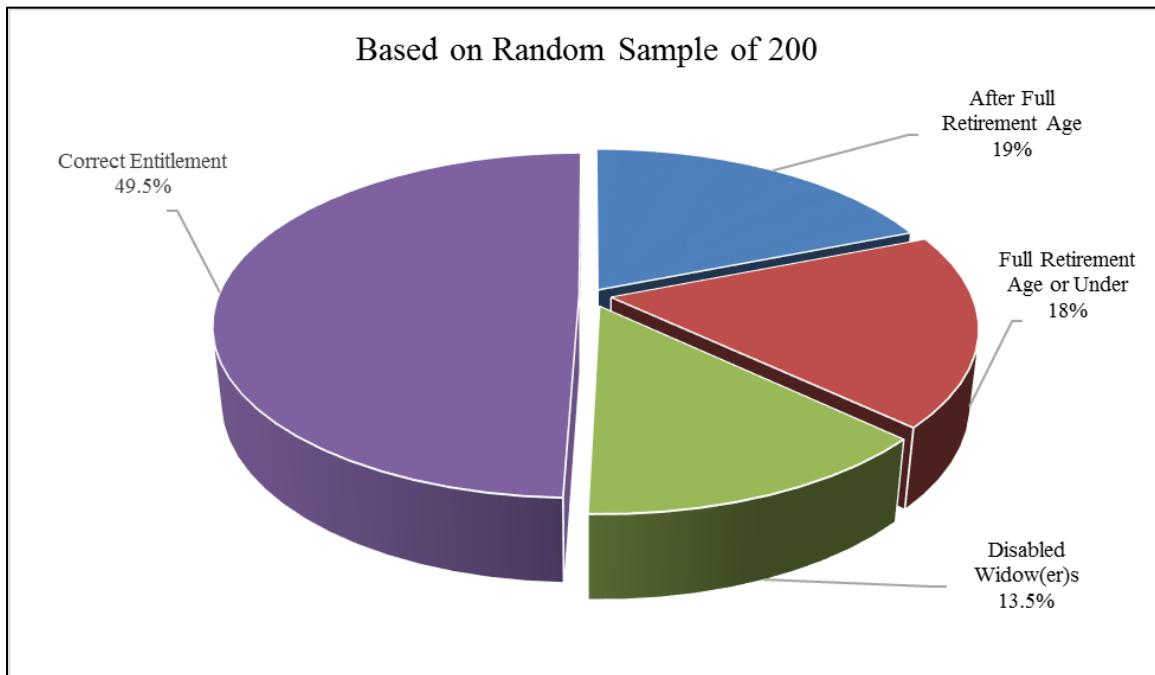
Of the 200 widow(er)s in our sample, 101 were underpaid \$261,821 because they were eligible for an earlier initial month of entitlement without any reduction in their monthly benefit amount. This consisted of

- 38 (19 percent) who were underpaid \$74,720, were over full retirement age when they applied for benefits, and were eligible for up to 6 months of additional benefits;
- 36 (18 percent) who were underpaid \$119,501, were full retirement age or under when they applied for benefits, and were eligible for up to 6 months of additional benefits; and
- 27 (13.5 percent) who were underpaid \$67,600, were disabled when they applied for benefits, and were eligible for up to 12 months of additional benefits.

For the remaining 99 widow(er)s, SSA properly established the initial month of entitlement.

Figure 1 summarizes the results of our review.

**Figure 1: Widow(er)s Eligible for an Earlier Initial Month of Entitlement**



## Widow(er)s Who Applied for Benefits After Full Retirement Age

Widow(er)s who apply for benefits after full retirement age may have an initial month of entitlement up to 6 months before their application filing date.<sup>7</sup> During the application process, SSA employees must determine whether a widow(er) meets the eligibility requirements for benefits and discuss the initial month of entitlement options with the widow(er).<sup>8</sup> When a widow(er) declines the earliest initial month of entitlement, an employee must document that decision in SSA's systems.<sup>9</sup> After an employee inputs the month the claimant elected to begin receiving benefits, SSA's systems will review the application information and flag when a widow(er) does not meet certain eligibility requirements, such as marriage or age.

We found that 38 (19 percent) widow(er)s who applied for benefits after full retirement age were eligible for an additional \$74,720 in benefits based on an earlier initial month of entitlement. Of these, SSA employees established an initial month of entitlement for:

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<sup>7</sup> See Footnote 5.

<sup>8</sup> SSA, *POMS, GN- General*, ch. GN 00204, subch. GN 00204.039, sec. B (January 4, 2017).

<sup>9</sup> See Footnote 6.

- 28 widow(er)s at, or after, their application filing dates. These widow(er)s applied for benefits after they attained full retirement age and their spouse's death, but SSA employees incorrectly used the application date as the earliest month of entitlement.
- 10 widow(er)s before their application filing dates. However, SSA employees established an incorrect month of entitlement because they used an incorrect application filing date or incorrectly determined the beneficiary's full retirement age.

In addition, there was no evidence in SSA's systems that employees informed the 38 widow(er)s that they were eligible for an earlier month of entitlement, and the widow(er)s declined the earlier date. Finally, SSA did not have systems controls to alert employees that these widow(er)s were eligible for an earlier initial month of entitlement.

For example, in August 2007, a woman applied for widow's benefits when she was 65 years and 9 months. The earliest initial month of entitlement for which she was eligible was March 2007 when she attained full retirement age. However, SSA incorrectly established an initial month of entitlement of July 2007, 1 month before the application filing date. We did not find any information in SSA's systems that an employee informed the widow of the additional 4 months of benefits, totaling \$6,568, and that she declined the earlier month of entitlement.

## **Widow(er)s Who Applied for Benefits at Full Retirement Age or Younger**

A widow(er)'s monthly benefit amount may be reduced when a deceased wage earner received a reduced retirement benefit. When this occurs, the maximum monthly benefit amount a widow(er) is entitled to receive is the greater of the amount paid to the deceased wage earner or 82.5 percent of the primary insurance amount.<sup>10</sup> In these situations, widow(er)s may be entitled for up to 6 months before their application filing date.<sup>11</sup> SSA systems calculate the correct widow(er)'s monthly benefit amount; however, employees are not alerted when a widow(er) meets the eligibility requirements for an earlier initial month of entitlement. Instead, SSA employees must determine whether the widow(er) qualifies for an earlier initial month of entitlement. Staff must discuss initial month of entitlement options with the widow(er) and, if the widow(er) declines the earliest month of entitlement, document that decision in SSA's records.<sup>12</sup>

We found that 36 (18 percent) widow(er)s who applied for benefits at full retirement age or younger were eligible for an additional \$119,501 in benefits based on an earlier initial month of entitlement at the maximum monthly benefit amount. Of these, SSA employees established an

<sup>10</sup> SSA, *POMS, RS- Retirement and Survivors Insurance*, ch. RS 00615, subch. RS 00615.320 (January 26, 2009). The primary insurance amount is the benefit a person would receive if he/she elects to begin receiving retirement benefits at his/her full retirement age.

<sup>11</sup> See Footnote 5.

<sup>12</sup> SSA, *POMS, GN- General*, ch. GN 00204, subch. GN 00204.032, sec. C (July 18, 2014) and SSA, *POMS, GN-General*, ch. GN 00204, subch. GN 00204.045, sec. B (July 18, 2014).

initial month of entitlement for 34 widow(er)s at, or after, their application filing date. These widow(er)s received the maximum widow(er)'s monthly benefit amount, and SSA employees incorrectly used the application date to determine the initial month of entitlement. SSA determined two widow(er)s were entitled before their application filing date; however, we found they were eligible for additional months of benefits at the maximum payment amount. In addition, there was no evidence in SSA's systems that employees informed the 36 widow(er)s they were eligible for an earlier month of entitlement and the widow(er)s declined the earlier date. Finally, SSA did not have systems controls to alert employees that these widow(er)s were eligible for an earlier initial month of entitlement.

For example, a woman younger than full retirement age applied for widow's benefits in August 2013. Before the widow applied, the deceased wage earner was entitled to a reduced retirement benefit, which reduced the monthly benefit amount payable to the widow. The earliest initial month the widow was eligible for benefits was February 2013 (when the benefit amount was 82.5 percent of the primary insurance amount). However, SSA incorrectly established August 2013 as the initial month of entitlement. We did not find any information in SSA's systems that an SSA employee informed the widow of the additional 6 months of benefits, totaling \$4,656, and that she declined the earlier month of entitlement.

## Disabled Widow(er)s Who Applied for Benefits

A widow(er) who is disabled can apply for disabled widow's benefits if he/she is between ages 50 and 60.<sup>13</sup> The eligibility requirements for a widow(er) are similar to the requirements for other disability claimants, except a widow(er) must also meet disability requirements within a prescribed period.<sup>14</sup> Disabled widow(er)s may have an initial month of entitlement up to 12 months before the date they apply.<sup>15</sup> SSA must document in its systems when a disabled widow(er) declines the earliest initial month of entitlement.<sup>16</sup>

Based on an earlier initial month of entitlement, 27 (13.5 percent) disabled widow(er)s who applied for benefits were eligible for an additional \$67,600 in benefits. Of these, SSA employees established an initial month of entitlement for 17 disabled widow(er)s at, or after, their application filing dates. These disabled widow(er)s applied for benefits after they attained age 50 and their spouses' deaths, but SSA employees incorrectly used the application dates as the earliest month of entitlement. For the remaining 10 disabled widow(er)s, SSA established an incorrect month of entitlement of 6 months before the application filing dates instead of 12 months. In addition, there was no evidence in SSA's systems that employees informed the 27 widow(er)s that they were eligible for an earlier month of entitlement and the widow(er)s

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<sup>13</sup> SSA, *POM, RS- Retirement & Survivors Insurance*, ch. RS 00207, subch. RS 00207.001.A.1.b.2 (December 4, 2014).

<sup>14</sup> The prescribed period is 84 months after the wage earner dies or the termination of previous disabled widow(er)s mother's or father's benefits.

<sup>15</sup> See Footnote 5.

<sup>16</sup> See Footnote 6.

declined the earlier date. Finally, SSA did not have systems controls to alert employees that these widow(er)s were eligible for an earlier initial month of entitlement.

For example, in June 2001, a 56-year-old woman applied for disability benefits, and SSA determined she was disabled as of December 1999. The earliest initial month of entitlement she was eligible for was June 2000—12 months before the application date. When SSA processed the claim in July 2002, it used June 2001 as the earliest month of entitlement. We did not find any information in SSA's system that an SSA employee informed the widow of the additional 12 months of benefits, totaling \$11,652, and that she declined the earlier month of entitlement.

## CONCLUSIONS

SSA needs to improve controls to ensure it establishes the correct initial month of entitlement for widow(er) beneficiaries. Based on our random sample, we estimated that SSA underpaid \$285 million to 110,116 widow(er)s who were eligible for an earlier initial month of entitlement.

This occurred because SSA employees improperly established an initial month of entitlement for widow(er)s who met the requirements for an entitlement before their application filing date or did not document why the widow(er)s refused an earlier initial month of entitlement, as required. Finally, SSA did not have system controls to alert employees when widow(er)s were eligible for an earlier initial month of entitlement.

We also found that SSA could reduce the number of beneficiaries it would need to review of the population of 218,052 widow(er)s. Our analysis of our sample results found that SSA should use existing MBR data to eliminate cases that require no corrective actions. For example, of the 200 widow(er)s in our sample, the use of MBR marriage data would have eliminated 50 (25 percent) widow(er) cases that required no corrective actions.

## RECOMMENDATIONS

We recommend that SSA:

1. Take appropriate action for the 101 widow(er)s we identified.
2. Determine the feasibility of reviewing the remaining population of widow(er)s who may be eligible for additional months of benefits before their application filing date and could have chosen an earlier initial month of entitlement.
3. Determine whether it should develop additional controls to ensure employees identify widow(er)s who may be eligible for additional months of benefits before their application filing date and establish a correct initial month of entitlement.
4. Remind employees to document why widow(er)s did not elect additional months of benefits, which resulted in a later initial month of entitlement.

## AGENCY COMMENTS

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



Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

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

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To accomplish our objective, we

- reviewed the applicable sections of the *Social Security Act*, United States Code, and the Social Security Administration's (SSA) Program Operations Manual System and Modernized Systems Operations Manual;
- interviewed SSA employees from the Offices of Operations, Systems, and Policy;
- obtained from SSA's Master Beneficiary Record (MBR) a data extract of 218,052 widow(er) beneficiaries in current pay as of June 2016, who may have been eligible for an earlier initial month of entitlement;
- reviewed a random sample of 200 widow(er)s;
- reviewed queries from SSA's MBR, Supplemental Security Record, Modernized Claims System, Summary of Earnings, and Interactive Computation Facility; and
- determined the amount of benefits payable to widow(er)s eligible for an earlier initial month of entitlement.

We determined whether the computer-processed data from the MBR were sufficiently reliable for our intended use. We tested the data to determine their completeness and accuracy. 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 August 2016 and May 2017. The entities audited were the Offices of Operations and Systems under the Offices of the Deputy Commissioners for Operations and Systems.

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**

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From all segments of the Social Security Administration’s (SSA) Master Beneficiary Record, we obtained a data extract of 218,052 widow(er) beneficiaries in current pay who may have been eligible for an earlier initial month of entitlement. From this population, we selected a random sample of 200 widow(er)s for review.

Of the 200 widow(er)s in our sample, we found that SSA underpaid \$261,821 to 101 widow(er)s who were eligible for an earlier initial month of entitlement. Projecting our sample results to the population of 218,052 widow(er)s, we estimate that SSA underpaid approximately \$285 million to 110,116 widow(er)s.

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

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

Description	Beneficiaries
Population Size	218,052
Sample Size	200

**Table B–2: Widow(er)s Eligible for an Earlier Initial Month of Entitlement**

Description	Beneficiaries	Payments
Sample Results	101	\$261,821
Point Estimate	110,116	\$285,453,378
Projection – Lower Limit	96,950	\$230,600,094
Projection – Upper Limit	123,259	\$340,306,662

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

## **Appendix C – AGENCY COMMENTS**

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### **SOCIAL SECURITY**

#### **MEMORANDUM**

Date: August 2, 2017 Refer To: S1J-3

To: Gale S. Stone  
Acting Inspector General

From: Stephanie Hall/s/  
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, “Widow(er)s Eligible for an Earlier Initial Month of Entitlement” (A-09-17-50187)--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, “WIDOW(ER)S ELIGIBLE FOR AN EARLIER INITIAL MONTH OF ENTITLEMENT” (A-09-17-50187)**

Thank you for the opportunity to review the draft report. We are committed to providing individuals with objective information necessary to make well-informed benefit claim decisions best suited for their individual circumstances. Over the years, we have revised our policies and processes to better serve the public. For example, in 2011, we implemented a system enhancement that helps our employees determine the correct month of entitlement. This enhancement also requires employees to document the rationale for override of an automated selection. Additionally, in July 2014, we clarified our policy for documenting when a claimant declines retroactive benefits. Lastly, in October 2016, we issued a reminder to technicians about our policies on communicating with claimants regarding options for claiming benefits. Below are our responses to the recommendations.

**Recommendation 1**

Take appropriate action for the 101 widow(er)s we identified.

Response

We agree.

**Recommendation 2**

Determine the feasibility of reviewing the remaining population of widow(er)s who may be eligible for additional months of benefits before their application filing date and could have chosen an earlier initial month of entitlement.

Response

We agree.

**Recommendation 3**

Determine whether it should develop additional controls to ensure employees identify widow(er)s who may be eligible for additional months of benefits before their application filing date and establish a correct initial month of entitlement.

Response

We agree.

#### **Recommendation 4**

Remind employees to document why widow(er)s did not elect additional months of benefits, which resulted in a later initial month of entitlement.

#### **Response**

We agree.

## MISSION

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