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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**PAYMENTS TO SURVIVING SPOUSES  
AT RETIREMENT AGE**

**June 2006**

**A-09-05-15143**

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**AUDIT REPORT**

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## **Mission**

**We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.**

## **Authority**

**The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:**

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

**To ensure objectivity, the IG Act empowers the IG with:**

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

## **Vision**

**By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.**



# SOCIAL SECURITY

## MEMORANDUM

Date: June 5, 2006

Refer To:

To: The Commissioner

From: Inspector General

Subject: Payments to Surviving Spouses at Retirement Age (A-09-05-15143)

## OBJECTIVE

Our objective was to determine whether surviving spouses received the highest benefits due them at retirement age and the Social Security Administration (SSA) properly identified and notified eligible surviving spouses about those higher benefits.

## BACKGROUND

Title II of the *Social Security Act* (Act) provides retirement and disability benefits to surviving spouses who are over age 60 based on their deceased spouses' earnings. The Act also provides retirement benefits to individuals with sufficient earnings who are age 62 or older.<sup>1</sup> When a surviving spouse under age 62 applies for Title II benefits, the spouse is limited to survivor benefits. This limitation was set because individuals are not eligible for retirement benefits based on their own earnings until they reach age 62.<sup>2</sup>

Title XVI of the Act provides Supplemental Security Income (SSI) payments to financially needy individuals who are aged, blind, or disabled.<sup>3</sup> Surviving spouses who are concurrently entitled to payments under Titles II and XVI and who qualify for higher retirement benefits must apply for such benefits.<sup>4</sup>

In a prior audit, we found that 16 of 100 surviving spouses were eligible for higher retirement benefits. For these individuals, the average benefit increase was about \$40 per month. We recommended that SSA improve its procedures to assist surviving

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<sup>1</sup> *Social Security Act* §§ 202(a), 202(e)(1), and 202(f)(1), 42 U.S.C. §§ 402(a), 402(e)(1), and 402(f)(1).

<sup>2</sup> SSA, POMS, RS 00207.001(B)(1) and RS 00201.001(A).

<sup>3</sup> *Social Security Act* § 1602, 42 U.S.C. § 1381(a).

<sup>4</sup> SSA, POMS, SI 00510.001.

spouses in receiving the highest benefit for which they were eligible.<sup>5</sup> In response to our audit, SSA mailed notices to approximately 200,000 surviving spouses who were eligible for higher retirement benefits. As a result, SSA paid approximately \$130 million in additional benefits to these individuals.

SSA subsequently initiated the Widow(er)'s Insurance Benefits/Retirement Insurance Benefits (WIB/RIB) operation to identify and notify surviving spouses who are eligible for higher retirement benefits at full retirement and age 70. SSA initiated the WIB/RIB operation as an outreach project even though it is not required to send notices to these individuals.<sup>6</sup> This operation provides surviving spouses with up to three notices during their lifetime: at full retirement,<sup>7</sup> age 70, and about 1 year after age 70. SSA does not send notices to surviving spouses who are receiving SSI payments. Instead, SSA's field offices (FO) contact the surviving spouses for appropriate action.

In 2004, SSA identified and notified about 46,000 surviving spouses who were eligible for higher retirement benefits. In addition, SSA identified 944 surviving spouses receiving SSI payments who were eligible for higher retirement benefits.

## RESULTS OF REVIEW

SSA could improve its controls and procedures to ensure surviving spouses receive higher retirement benefits. Specifically,

- an estimated 13,268 surviving spouses between full retirement and age 70 were not fully aware they were eligible for about \$7.4 million in higher retirement benefits,
- an estimated 18,093 surviving spouses between full retirement and age 70 who were eligible for higher benefits could have received an additional \$2.3 million in retirement benefits if they had been timely notified of their eligibility,
- an estimated 41,305 surviving spouses between age 62 and full retirement were neither identified nor notified about their eligibility for about \$52.5 million in higher retirement benefits,
- 129 surviving spouses who received SSI payments had not applied for \$210,624 in retirement benefits, and

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<sup>5</sup> SSA, Office of the Inspector General, *Payments to Surviving Spouses at Retirement Age* (A-05-95-00016), March 1997.

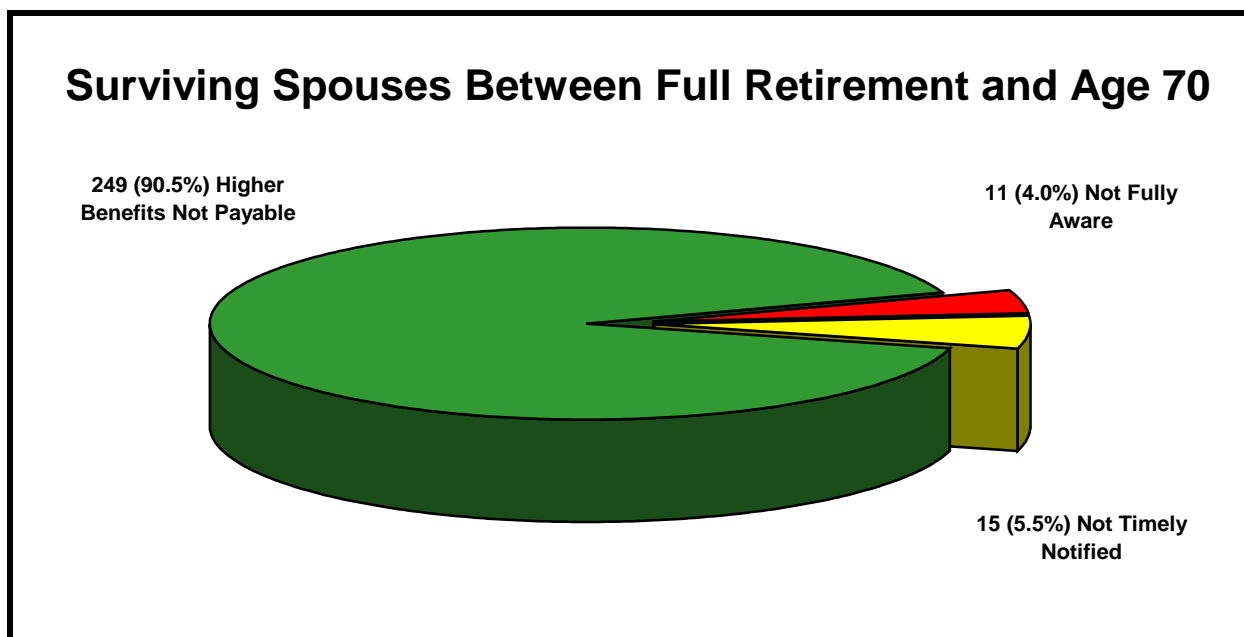
<sup>6</sup> When claimants submit applications for survivor benefits, SSA is required to explore entitlement on another earnings record or eligibility for other program benefits, including retirement benefits.

<sup>7</sup> Full retirement is based on an individual's date of birth. In Calendar Year 2004, the full retirement age was either 65 years and 2 months or 65 years and 4 months.

- 11 surviving spouses who no longer received SSI payments were unaware of their eligibility for \$10,491 in higher retirement benefits.

### Surviving Spouses Between Full Retirement and Age 70

As of May 2005, there were approximately 331,698 surviving spouses who were eligible for retirement benefits between full retirement and age 70. Based on a random sample of 275 of these cases, we found that 11 surviving spouses were not fully aware of the amount of higher retirement benefits they were eligible to receive in Calendar Year (CY) 2004. In addition, we found that 15 surviving spouses were not timely notified of their eligibility for higher benefits in January 2005. The results of our review are summarized below.



[Surviving Spouses Not Fully Aware of Higher Benefits](#) - SSA generally informed surviving spouses who were eligible for retirement benefits between full retirement and age 70. However, our audit disclosed that 11 surviving spouses were not fully aware of their initial eligibility for higher retirement benefits.<sup>8</sup> These surviving spouses would have been entitled to \$6,106 in additional payments in CY 2004. Projecting these results to our population, we estimate that 13,268 surviving spouses were eligible for about \$7.4 million in higher benefits (see Appendix C).

Specifically, we found that SSA's notices to surviving spouses did not provide information concerning the amount of increased retirement benefits they were eligible to receive. Since June 1997, SSA has mailed notices with an explanation of the benefit

<sup>8</sup> SSA mailed notices to 10 of the 11 surviving spouses. However, for one surviving spouse, SSA did not mail a notice because the individual was awarded survivor benefits after SSA had selected eligible surviving spouses for its WIB/RIB operation.

increase to surviving spouses. However, SSA discontinued the detailed notices in the fall of 2004 because of systems modifications that prevented the inclusion of the benefit increases in the notices. SSA currently mails a general notice—without specific dollar amounts.

In addition, although SSA annually mails approximately 140 million *Social Security Statements*<sup>9</sup> to eligible individuals, surviving spouses are excluded from these mailings. As a result, surviving spouses do not receive detailed information concerning their eligibility for retirement benefits. Furthermore, surviving spouses are only provided information concerning their retirement benefits at full retirement, age 70, and about 1 year after age 70, whereas other individuals are provided detailed benefit information annually.

During our interviews with surviving spouses, we learned they preferred the notices to include the monthly benefit increase between the retirement and survivor benefits. They also preferred that SSA send periodic follow-up notices to inform them of their eligibility for retirement benefits. SSA staff agreed the notices should provide the monthly retirement benefit amount; however, because of workload constraints, they were unable to send these notices at this time.

[Surviving Spouses Not Timely Notified of Higher Benefits](#) - Individuals who submit applications for retirement benefits after full retirement age may receive retroactive payments for up to 6 months from the date their application is filed.<sup>10</sup> However, our audit disclosed that SSA did not timely notify surviving spouses of their eligibility for higher retirement benefits, which may have resulted in the loss of retroactive benefits payable to these beneficiaries.

Specifically, we identified 15 surviving spouses in our sample of 275 who were eligible for higher retirement benefits beginning in January 2005 because of delayed retirement credits earned during CY 2004.<sup>11</sup> During our audit, we contacted these individuals to determine why they had not applied for higher retirement benefits. At the time, we found that SSA had not notified any of the 15 surviving spouses of their eligibility for higher retirement benefits. We found that six surviving spouses had applied for higher benefits due, in part, to our contacts. SSA subsequently conducted a roundup operation to notify the remaining nine surviving spouses, however, not until November 2005—which was 10 months after they were initially eligible for higher retirement benefits.

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<sup>9</sup> The *Social Security Statement* is an annual statement of recorded earnings and estimated Social Security benefits based on those earnings.

<sup>10</sup> SSA, POMS, GN 00204.030.

<sup>11</sup> Delayed retirement credits are effective in January of each year.

The 15 surviving spouses were entitled to \$4,678 in additional payments in CY 2005. However, as of November 2005, these individuals could have only received up to \$2,736 in retroactive payments. Had SSA notified them within 6 months of their eligibility, they would have received an additional \$1,942 or 4 months of benefits. Projecting these results to our population of surviving spouses, we estimate that 18,093 surviving spouses could have received an additional \$2.3 million in higher retirement benefits (see Appendix C).

We recognize there are a number of factors that may affect our estimate of SSA not timely notifying surviving spouses of their eligibility for higher benefits. For example, some individuals may apply for retirement benefits before receiving notices from SSA while others may not elect to receive the maximum amount of retroactive payments. However, to determine the potential impact of not timely notifying surviving spouses about their eligibility for higher benefits, we assumed the surviving spouses would not apply for retirement benefits until after SSA had notified them. We also assumed the surviving spouses would elect to receive 6 months of retroactive payments.<sup>12</sup>

### **Surviving Spouses Between Age 62 and Full Retirement**

Our audit disclosed that the WIB/RIB operation was not designed to identify and notify surviving spouses between age 62 and full retirement about their eligibility for higher benefits. Without proper notification, these surviving spouses may be unaware of their eligibility for higher retirement benefits.

Based on a random sample of 275 surviving spouses who were eligible for retirement benefits and between age 62 and full retirement, we determined that 44 surviving spouses would have been entitled to \$55,946 in additional payments in CY 2004 had they applied for retirement benefits. Projecting these results to our population of 258,159 surviving spouses, we estimate that 41,305 surviving spouses were eligible for about \$52.5 million in higher retirement benefits (see Appendix C).

We recognize that some surviving spouses may not prefer to receive retirement benefits before full retirement. Nevertheless, for CY 2004, SSA reported that about 72.2 percent of all retired workers had elected monthly benefits before full retirement age.<sup>13</sup> In addition, although SSA annually mails approximately 140 million *Social Security Statements* to eligible individuals, surviving spouses are excluded from these mailings. Therefore, these individuals may be unaware of their eligibility for higher retirement benefits.

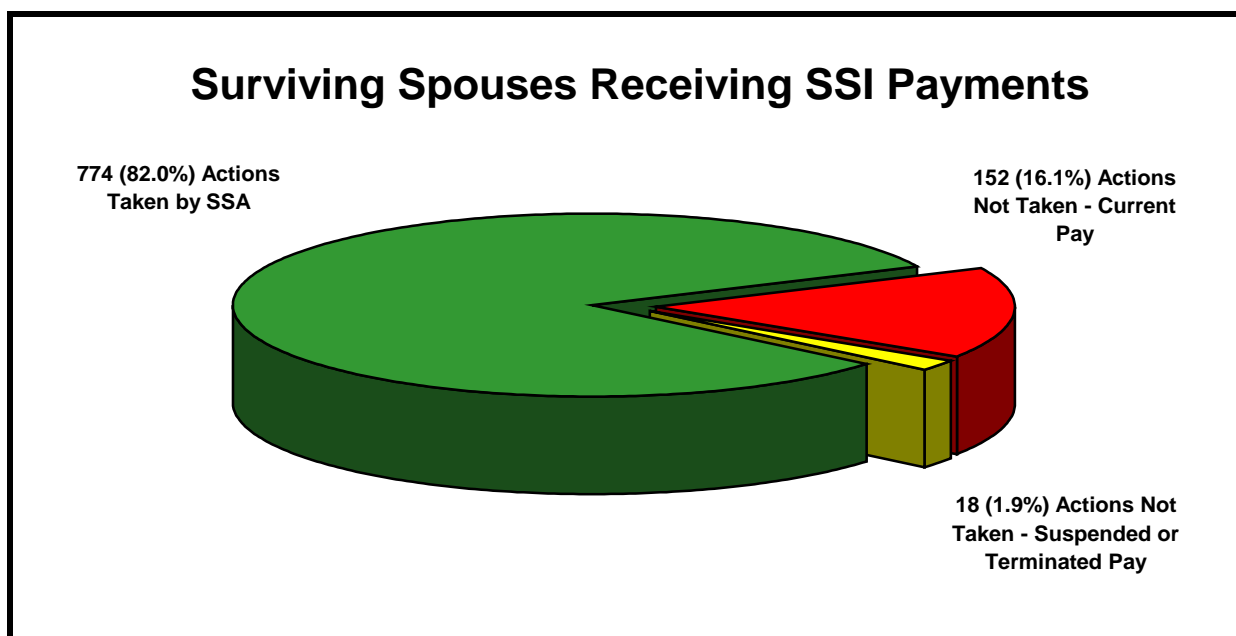
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<sup>12</sup> Although retroactive payments may provide surviving spouses with benefits at an earlier date, individuals who postpone such payments may be entitled to delayed retirement credits up to age 70, which would provide higher benefits at a later date.

<sup>13</sup> SSA, Office of Policy, Annual Statistical Supplement, Table 5.B8, *Number and average monthly benefit with and without reduction for early retirement, by sex, December 1956-2004, selected years* (2005).

## Surviving Spouses Receiving Supplemental Security Income Payments

In 2004, SSA's WIB/RIB operation identified 944 surviving spouses who had attained at least full retirement, were eligible for higher retirement benefits, and were receiving SSI. As of August 2005, SSA had taken actions for 774 of these surviving spouses by obtaining applications for retirement benefits or suspending the SSI payments. However, SSA had not taken actions for the remaining 170 surviving spouses. Of this amount, 152 were in current pay, and 18 were in suspended or terminated pay. The results of our review are summarized below.



[Surviving Spouses in Current Pay](#) - Our audit disclosed that 152 surviving spouses who were receiving SSI payments had not applied for higher retirement benefits. This occurred because SSA had not established effective controls to ensure that FOs obtained applications for retirement benefits or suspended the SSI payments, as required. Based on the results of our review, SSA subsequently processed applications for retirement benefits for 129 of the surviving spouses. As a result, these individuals were entitled to \$210,624 in higher retirement benefits from April 1987 to February 2006.<sup>14</sup>

Of the remaining 23 cases in current pay, SSA subsequently suspended the SSI payments for 4 surviving spouses because they had not applied for higher benefits. In addition, SSA determined that two surviving spouses were deceased, eight were ineligible for higher benefits, two could not be contacted because they were outside the United States, one had submitted an application for retirement benefits, and six were pending development as of February 2006.

<sup>14</sup> The retroactive Title II benefits are subject to reduction, in whole or in part, against the SSI payments that would not have been due if SSA had paid the Title II benefits on time.



SSI recipients must apply for all other benefits for which they may be eligible to receive such benefits.<sup>15</sup> SSA's procedures require that FOs send written, dated notices to inform SSI recipients about potential eligibility for other benefits, including retirement benefits. FOs must obtain applications for retirement benefits or suspend the SSI payments within 30 days of such notification. After the notices are mailed, FOs must contact the SSI recipients to remind them to apply for other benefits before the 30-day period ends.<sup>16</sup>

During our audit, we noted that a number of surviving spouses continued to receive SSI payments without applying for retirement benefits for up to 24 months after SSA had identified these cases. Although SSA had attempted to contact the surviving spouses, it had not completed final actions on these cases, as required. To prevent future occurrences of similar problems, we believe SSA should improve its oversight of surviving spouses who receive SSI payments.

*Surviving Spouses in Suspended or Terminated Pay* - Our audit disclosed that 18 surviving spouses who no longer received SSI payments were not informed of their eligibility for retirement benefits. FOs did not take appropriate action because the SSI payments for these individuals had been suspended or terminated. However, since SSA did not send notices to these individuals during its WIB/RIB operation, SSA neither contacted nor notified them about their eligibility for higher retirement benefits. Based on the results of our review, SSA processed applications for retirement benefits for 11 of the surviving spouses. As a result, SSA determined these individuals were entitled to \$10,491 in higher retirement benefits from May 2004 to February 2006.

Of the remaining seven cases in suspended or terminated pay, SSA subsequently determined that one surviving spouse was deceased, two were ineligible for higher benefits, one could not be contacted, two were notified about their eligibility for retirement benefits, and one had submitted an application for retirement benefits as of February 2006.

As part of the WIB/RIB operation, FOs are instructed to contact these surviving spouses and obtain applications for retirement benefits or suspend the SSI payments. Since the WIB/RIB operation does not generate notices for these individuals, it is imperative that FOs follow up to contact or notify all surviving spouses about their eligibility for higher retirement benefits.

We believe that SSA should provide sufficient and timely information to assist surviving spouses in making informed decisions about their Social Security benefits. Therefore, we encourage SSA to improve its controls to ensure that FOs contact surviving spouses who receive SSI payments and may be eligible for higher retirement benefits. In November 2005, SSA issued a reminder to all FOs to contact these surviving spouses even if they are not currently receiving SSI.

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<sup>15</sup> 20 C.F.R. § 416.210(a).

<sup>16</sup> SSA, POMS, SI 00510.001 and SI 00510.025.

## **CONCLUSION AND RECOMMENDATIONS**

SSA could improve its controls and procedures to ensure surviving spouses receive higher retirement benefits. Specifically, SSA could improve the content, frequency, and timeliness of the notices provided to surviving spouses. SSA should also determine whether surviving spouses between age 62 and full retirement should be informed of their eligibility for higher retirement benefits. Finally, SSA should improve its controls over surviving spouses who are eligible for higher retirement benefits and receiving SSI payments.

We recommend that SSA:

1. Send notices with an explanation of the benefit increase to assist surviving spouses in making informed decisions about their Social Security benefits.
2. Send annual follow-up notices to surviving spouses to inform them of their eligibility for higher retirement benefits.
3. Conduct the WIB/RIB roundup operation more frequently to ensure surviving spouses are timely identified and notified about their eligibility for retirement benefits.
4. Evaluate the feasibility of modifying the WIB/RIB operation to identify and notify surviving spouses who are eligible for higher retirement benefits and are between age 62 and full retirement.
5. Improve its oversight of surviving spouses receiving SSI payments to ensure FOs obtain applications for retirement benefits or suspend the SSI payments.
6. Ensure surviving spouses receiving SSI payments are contacted or notified about their eligibility for retirement benefits, even if they are no longer entitled to SSI payments.

## **AGENCY COMMENTS**

SSA agreed with Recommendations 5 and 6. Although SSA noted it shared the goal of ensuring surviving spouses receive the highest benefits due them at retirement age, it disagreed with Recommendations 1 through 4.

In response to Recommendation 1, SSA stated that providing a monthly benefit amount on the notices was not always 100 percent favorable. In response to Recommendation 2, SSA stated that its notifications at full retirement age, at age 70, and about 1 year after age 70 are sufficient. Although SSA disagreed with Recommendation 3, it stated it would conduct its annual roundup operation in the spring rather than the fall, which would resolve the issue. In response to Recommendation 4, SSA stated that, in some cases, it would not be advantageous for these spouses to file for reduced retirement benefits. See Appendix D for the full text of SSA's comments.

## OIG RESPONSE

We believe our recommendations will provide surviving spouses with better information to make knowledgeable decisions concerning their eligibility for retirement benefits. As we noted in our report, SSA annually mails approximately 140 million *Social Security Statements* to inform individuals of their eligibility for retirement benefits. These statements include an estimated monthly retirement benefit amount. Unfortunately, SSA excludes surviving spouses from this annual mailing. SSA notifies surviving spouses of their eligibility for retirement benefits through the WIB/RIB operation. We believe surviving spouses, at minimum, should be provided the same information (that is, estimated monthly retirement benefit annually) as all other individuals who receive the legislatively mandated *Social Security Statements*. Our recommendations propose ways by which this can be accomplished.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr.", with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

# *Appendices*

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APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Sampling Methodology and Results

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

## Acronyms

Act	<i>Social Security Act</i>
C.F.R.	Code of Federal Regulations
CY	Calendar Year
FO	Field Office
MBR	Master Beneficiary Record
MEF	Master Earnings File
POMS	Program Operations Manual System
RIB	Retirement Insurance Benefits
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code
WIB	Widow(er)'s Insurance Benefits

### Scope and Methodology

We obtained a data extract of 944,834 surviving spouses who were in current pay status on the Master Beneficiary Record (MBR) as of May 2005 and who had a date of birth between January 2, 1935 and January 1, 1943. We also obtained the earnings records for these surviving spouses from the Master Earnings File (MEF). Using this information, we identified a population of 331,698 surviving spouses who were eligible for retirement benefits and were between full retirement and age 70. In addition, we identified a population of 258,159 surviving spouses who were eligible for retirement benefits and were between age 62 and full retirement. From each population, we selected a random sample of 275 surviving spouses for review (see Appendix C).

As part of the Social Security Administration's (SSA) Widow(er)'s Insurance Benefits/Retirement Insurance Benefits operation, we obtained a list of 944 surviving spouses who were between full retirement and age 70, were eligible for higher retirement benefits, and had received Supplemental Security Income payments in Calendar Year 2004. We found that, as of August 2005, 170 of the 944 surviving spouses were still in current pay status and had not applied for higher retirement benefits. We referred these cases to SSA for corrective action.

To accomplish our objective, we

- reviewed the applicable sections of the *Social Security Act*, Code of Federal Regulations, U.S. Code, and SSA's Program Operations Manual System;
- interviewed SSA employees from the Western Program Service Center and the Offices of Quality Assurance and Performance Assessment, Public Services and Operations Support, Retirement and Survivors Insurance Systems, and Income Security Programs;
- extracted 2 random samples of 275 surviving spouses who were eligible for retirement benefits and between full retirement and age 70 or between age 62 and full retirement;
- obtained queries from SSA's MBR, Supplemental Security Income Record, and Numident;
- reviewed notices to surviving spouses from SSA's Notice Retrieval System;
- computed the primary insurance and monthly benefit amounts using SSA's Modernized Claims System;

- conducted telephone interviews with 39 surviving spouses between full retirement and age 70 to determine whether these individuals were aware of their eligibility for higher retirement benefits and interested in receiving the additional payments;
- referred 170 surviving spouses who received Supplemental Security Income payments and who had not applied for higher retirement benefits to SSA for appropriate action; and
- reviewed the corrective actions SSA had taken to obtain applications for retirement benefits or suspend the SSI payments to these individuals.

We determined 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 relied on the earnings records obtained from the MEF as the basis for determining whether the surviving spouses had sufficient earnings to be included in our population. We did not test SSA's automated systems to verify the completeness and accuracy of the MEF. The entity responsible for maintaining the MEF is the Office of Earnings, Enumeration, and Administrative Systems under the Deputy Commissioner for Systems.

We performed audit work in Richmond, California, and Baltimore, Maryland, between June 2005 and February 2006. The entity audited was the Office of Income Security Programs under the Deputy Commissioner for Disability and Income Security Programs. We conducted our audit in accordance with generally accepted government auditing standards.

## Sampling Methodology and Results

We obtained a data extract from the Social Security Administration’s (SSA) Master Beneficiary Record of all surviving spouses who were in current pay status as of May 2005 and had a date of birth between January 2, 1935 and January 1, 1943. From this data extract, we identified two populations of surviving spouses who were fully insured with 40 quarters of coverage or more but had not received retirement benefits on their own earnings records.

### Surviving Spouses Between Full Retirement and Age 70

We identified a population of 331,698 surviving spouses with a date of birth between January 2, 1935 and September 1, 1939 who had attained at least full retirement (that is, 65 years and 4 months) but had not attained age 70 between January and December 2004. We randomly selected 275 surviving spouses to determine whether they were eligible for higher retirement benefits. We interviewed the surviving spouses to determine whether they were aware of their eligibility for higher retirement benefits.

Based on a random sample of 275 surviving spouses who were eligible for retirement benefits and between full retirement and age 70, we found that 11 surviving spouses were not fully aware of their eligibility for higher retirement benefits. We determined these surviving spouses would have been entitled to \$6,106 in additional payments in Calendar Year 2004 had they applied for retirement benefits. Projecting these results to our population of 331,698 surviving spouses, we estimate that 13,268 surviving spouses were eligible for about \$7.4 million in higher benefits as retired workers rather than surviving spouses. The following tables provide the details of our sampling results and statistical projections.

**Table 1 – Population and Sample Size**

Population	Population Size	Sample Size
Surviving Spouses Between Full Retirement and Age 70	331,698	275

**Table 2 – Sample Results**

Projection	Surviving Spouses Not Fully Aware of Higher Benefits
Surviving Spouses	11
Additional Payments	\$6,106



**Table 3 – Statistical Projections for Surviving Spouses**

Projection	Surviving Spouses Not Fully Aware of Higher Benefits
Point Estimate	13,268
Lower Limit	7,496
Upper Limit	21,670

**Table 4 – Statistical Projections for Additional Payments**

Projection	Surviving Spouses Not Fully Aware of Higher Benefits
Point Estimate	\$7,365,264
Lower Limit	\$1,967,757
Upper Limit	\$12,762,770

In addition, we found that 15 surviving spouses were eligible for higher retirement benefits beginning in January 2005. We determined these surviving spouses were entitled to \$4,678 in additional payments in Calendar Year 2005. Had SSA notified these individuals within 6 months of their eligibility, they could have received \$1,942 in additional benefits. Projecting these results to our population of 331,698 surviving spouses, we estimate that 18,093 surviving spouses could have received an additional \$2.3 million in higher retirement benefits. The following tables provide the details of our sampling results and statistical projections.

**Table 5 – Sample Results**

Projection	Surviving Spouses Not Timely Notified of Higher Benefits
Surviving Spouses	15
Additional Payments	\$1,942

**Table 6 – Statistical Projections for Surviving Spouses**

Projection	Surviving Spouses Not Timely Notified of Higher Benefits
Point Estimate	18,093
Lower Limit	11,254
Upper Limit	27,444

**Table 7 – Statistical Projections for Additional Payments**

Projection	Surviving Spouses Not Timely Notified of Higher Benefits
Point Estimate	\$2,342,632
Lower Limit	\$1,228,268
Upper Limit	\$3,456,997

All statistical projections are reported at the 90-percent confidence level.

**Surviving Spouses Between Age 62 and Full Retirement**

We also identified a population of 258,159 surviving spouses with a date of birth between September 2, 1939 and January 1, 1943 and who had attained at least retirement age (that is, 62 years) but had not attained full retirement between January and December 2004. We randomly selected 275 surviving spouses to determine whether these individuals were eligible for higher retirement benefits.

Based on a random sample of 275 surviving spouses who were eligible for retirement benefits and were between age 62 and full retirement, we found that 44 surviving spouses would have been entitled to \$55,946 in additional payments in Calendar Year 2004 had they applied for retirement benefits. Projecting these results to our population of 258,159 surviving spouses, we estimate that 41,305 surviving spouses were eligible for about \$52.5 million in higher retirement benefits. The following tables provide the details of our sampling results and statistical projections.

**Table 8 – Population and Sample Size**

Population	Population Size	Sample Size
Surviving Spouses Between Age 62 and Full Retirement	258,159	275

**Table 9 – Sample Results**

Sample Results	Surviving Spouses Eligible for Higher Benefits
Surviving Spouses	44
Additional Payments	\$55,946

**Table 10 – Statistical Projections for Surviving Spouses**

Projection	Surviving Spouses Eligible for Higher Benefits
Point Estimate	41,305
Lower Limit	32,195
Upper Limit	51,858

**Table 11 – Statistical Projections for Additional Payments**

Projection	Surviving Spouses Eligible for Higher Benefits
Point Estimate	\$52,519,585
Lower Limit	\$30,824,852
Upper Limit	\$74,214,318

All statistical projections are reported at the 90-percent confidence level.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

**Date:** May 26, 2006 **Refer To:** S1J-3

**To:** Patrick P. O'Carroll, Jr.  
Inspector General

**From:** Larry W. Dye /s/  
Chief of Staff

**Subject:** Office of the Inspector General (OIG) Draft Report, "Payments to Surviving Spouses at Retirement Age" (A-09-05-15143)--INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the draft report content and recommendations are attached.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:  
SSA Response

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT  
"PAYMENTS TO SURVIVING SPOUSES AT RETIREMENT AGE" (A-09-05-15143)**

Thank you for the opportunity to review and comment on the draft report. We appreciate the Office of the Inspector General's (OIG) efforts to conduct this review and share the goal of ensuring that surviving spouses receive the highest benefits due them at retirement age. In an effort to attain that goal, we instituted the Widow(er)'s Insurance Benefits/Retirement Insurance Benefits (WIB/RIB) operation which sends notices to surviving spouses who are eligible for higher retirement benefits at full retirement and age 70. This workload is strictly an outreach project and is not required by law, regulations or procedures. While we agree that some of the enhancements proposed in this report may be helpful, our ability to implement many of the recommendations will ultimately be driven by budget allocations. Any additional resources expended will occur only if resources are available after we process all of our legislatively mandated workloads.

**Recommendation 1**

The Social Security Administration (SSA) should send notices with an explanation of the benefit increase to assist surviving spouses in making informed decisions about their Social Security benefits.

**Response**

We disagree. It is our goal to provide the most accurate information in our notices and communications wherever possible. While we acknowledge that the beneficiaries in the audit stated that it would be helpful to have an actual benefit amount included in these notices, our previous experience with notices that contained actual benefit increase amounts was not always 100 percent favorable. This was because benefit increase calculations were based on information that was several weeks old. Subsequent earnings postings and benefit computation adjustments may have changed the correct benefit amount either up or down. The discrepancies in the estimated amounts contained in the notices, compared to the final calculation, caused public relations problems with some beneficiaries when they contacted the field offices (FO). Therefore, we believe the current process of leaving the benefit computation off the notice and having the beneficiary contact the FO for a current benefit rate computation is a better option. Additionally, to return to producing notices with the amount of increase included would require resources that are not currently available.

**Recommendation 2**

SSA should send annual follow-up notices to surviving spouses to inform them of their eligibility for higher retirement benefits.

### **Response**

We disagree. We believe the three current Widow(er)'s Insurance Benefit/Retirement Insurance Benefit (WIB/RIB) notifications (at full retirement age, at age 70, and about one year after age 70) are sufficient. Sending a notice every year would be excessive and there is no evidence it would be cost-effective. In addition, in an annual mailing operation, if beneficiaries inform us after the first notice that they are not interested, or they want to wait until age 70 to get the largest benefit amount possible, we would need to build software to capture this decision in order to suppress future notices. Given the Agency's limited information technology resources and the many other competing software development priorities, we do not believe creating this software would be cost-effective. Finally, additional Operations resources would be required to input these decisions.

### **Recommendation 3**

SSA should conduct the WIB/RIB roundup operation more frequently to ensure surviving spouses are timely identified and notified about their eligibility for retirement benefits.

### **Response**

We disagree. We do not believe that running the WIB/RIB operation more frequently would address OIG's concerns. We can, however conduct the yearly roundup operation in the spring rather than in the fall. This would solve the retroactivity issue raised by OIG. However, if the surviving spouses continue to work, we will not have all the earnings posted to the Master Earnings File in the spring. We continue to support the 1997 Associate Commissioner Steering Committee decision that a yearly roundup operation to identify surviving spouses who first became eligible for higher RIB after the full retirement age year is sufficient to reach the target universe.

### **Recommendation 4**

SSA should evaluate the feasibility of modifying the WIB/RIB operation to identify and notify surviving spouses who are eligible for higher retirement benefits and are between age 62 and full retirement.

### **Response**

We disagree. We do not believe that we should solicit applications for reduced benefits. OIG's estimate that 41,305 surviving spouses were eligible for about \$52.5 million in higher retirement benefits is somewhat misleading when viewed in the context of SSA's procedures concerning advantageous and disadvantageous month of entitlement. OIG did not break out how many of these potential notice recipients would be requested to contact SSA about higher benefits -- only to be told in the interview that filing for reduced RIB would definitely be disadvantageous. From a service perspective, we do not believe surviving spouses would react favorably to a notice explaining the possibility of higher benefits only to be told it would not be to their advantage to file for the benefits.

### **Recommendation 5**

SSA should improve its oversight of surviving spouses receiving Supplemental Security Income (SSI) payments to ensure FOs obtain applications for retirement benefits or suspend the SSI payments.

### **Response**

We agree. Currently, each year, we identify eligible SSI recipients to determine insured status for retirement benefits. For fiscal year 2006, we began using a certified earnings record for more accurate data and to establish a control for any earnings record correction issues. We also began to select SSI recipients, previously denied for lack of disability insured status, who are now 61 and 9 months of age, to determine if insured status is met for retirement benefits. Under that process, we set a control diary for the FO to process a Title II application. In addition, we are currently working on the Preventative Measures for Missed Entitlement IT project. This project will set up mechanisms to establish additional controls that ensure a Title II claim is taken. We will also issue an Administrative Message (AM) before each WIB/RIB mailing, as we have done in the past, to ensure that FOs make the necessary contacts to obtain applications for retirement benefits and that they conduct follow-ups on non-responders.

### **Recommendation 6**

SSA should ensure surviving spouses receiving SSI payments are contacted or notified about their eligibility for retirement benefits even if they are no longer entitled to SSI payments.

### **Response**

We agree. We will include this instruction in the AM issued before each WIB/RIB mailing.



## **OIG Contacts and Staff Acknowledgments**

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## **Office of Audit**

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

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OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

## **Office of the Chief Counsel to the Inspector General**

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