

Report Summary

Social Security Administration Office of the Inspector General

November 2011



Objective

To identify Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries whose payments may have been affected by State or local government pensions. We limited our review to those beneficiaries who may have been receiving State or local government pensions and for whom the Social Security Administration (SSA) had not determined whether the Windfall Elimination Provision (WEP) or Government Pension Offset (GPO) applied.

Background

The *Social Security Act* includes two provisions—WEP and GPO—that reduce Social Security monthly benefits paid to individuals who receive a pension based on Federal, State, or local government employment not covered by Social Security.

To view the full report, visit <http://oig.ssa.gov/audits-and-investigations/audit-reports/A-13-10-10143>

Old-Age, Survivors and Disability Insurance Benefits Affected by State or Local Government Pensions **(A-13-10-10143)**

Our Findings

We identified OASDI beneficiaries who were overpaid because SSA had not reduced their benefits for non-covered work from State or local government pensions. Of the 250 beneficiaries sampled, 79 were receiving pension payments based on non-covered employment. Of our remaining 171 sample cases, 147 beneficiaries were not receiving pension payments based on their State or local government employment. The employers for the remaining 24 beneficiaries had not yet responded to our request for information.

Based on the results of our review, we estimate SSA overpaid about \$623.8 million in OASDI benefits to approximately 24,900 beneficiaries because Agency staff did not apply WEP and GPO provisions to the OASDI benefits. If SSA does not take action to identify and correct these payment errors, we estimate it will pay about \$869.9 million in future overpayments over the beneficiaries' lifetimes.

Our Recommendations

We recommend SSA:

1. Complete the determinations of whether the WEP or GPO provisions apply for the remaining beneficiaries identified during our review.
2. Pursue legislation and alternative approaches for electronically obtaining State and local government pension data to enable application of the WEP and GPO provisions.
3. Evaluate characteristics of the beneficiaries we identified as overpaid to determine whether it is cost effective for the Agency to identify similar overpayments to beneficiaries with unreported pensions subject to WEP or GPO.

SSA agreed with our recommendations.