

Adjustment of Monthly Benefits Under the Family Maximum Provisions

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) correctly adjusted child and spousal benefits in accordance with the family maximum provisions when spousal beneficiaries were dually entitled.

Background

The *Social Security Act* limits the amount of benefits payable to child and spousal beneficiaries on a Social Security record. If the total monthly benefits of all child and spousal beneficiaries exceed the maximum, SSA must reduce their payments to keep the total benefits within the family maximum provisions.

Individuals may be entitled to more than one type of benefit. When individuals are entitled to retirement and spousal benefits, SSA must only consider the amount of spousal benefits actually payable when adjusting monthly benefit amounts under the family maximum provisions. The family maximum may be higher if a child is entitled to benefits on both parents' records. Finally, spouses may receive higher benefits if they have an entitled child in their care who is under age 16 or disabled.

Our Findings

SSA did not always properly adjust child and spousal benefits in accordance with the family maximum provisions. Based on our random sample, we estimate that SSA improperly paid spousal and child beneficiaries about

- \$25.6 million on 2,334 records because it incorrectly calculated the total benefits payable under the family maximum provisions,
- \$10.8 million on 547 records because it did not combine the family maximum for children who were eligible for benefits on more than 1 Social Security record, and
- \$4.6 million on 547 records because it improperly calculated benefits for spouses who had a child in their care.

In addition, we estimate that SSA will improperly pay about \$4.6 million, annually, on 2,006 records unless it takes action to identify and correct these payment errors.

Our Recommendations

We recommend that SSA:

1. Take appropriate action to pay underpayments and establish overpayments on the 94 records identified by our audit.
2. Evaluate the results of its corrective action for the 94 records and determine whether it should review the remaining population of 7,095 records.
3. Improve controls to ensure child and spousal benefits are properly adjusted for records with dually entitled spouses.
4. Remind employees to (1) properly apply the family maximum provisions for records with dually entitled spouses and (2) review eligibility for children entitled to benefits on both parents' records and spouses with a child in their care.

SSA agreed with our recommendations.