

Spouses Eligible for Higher Retirement Benefits

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to identify and notify spousal beneficiaries who may have been eligible for higher retirement benefits based on their own earnings.

Background

Individuals receiving spousal benefits may have sufficient earnings to be eligible for higher retirement benefits based on their own earnings. Their retirement benefits may be further increased for any month in which they did not receive a monthly benefit after full retirement age (FRA).

Individuals who file an application for reduced retirement or spousal benefits must also file for the other benefit if they are eligible for both benefits in their first month of entitlement. This requirement is referred to as the deemed filing provision. If SSA subsequently becomes aware that a spouse receiving reduced benefits was eligible for retirement benefits when he/she filed, it must establish entitlement to retirement benefits beginning with the first month of entitlement to reduced spousal benefits.

In a 2008 audit, we found that spouses did not always receive the higher retirement benefits due them. We estimated that 13,580 spouses were eligible for \$123.7 million in higher retirement benefits after they attained age 70.

Our Findings

SSA has not taken action to notify spousal beneficiaries of their eligibility to receive higher retirement benefits. Based on our random sample, we estimate that 26,033 spouses were eligible for about \$195.3 million in higher retirement benefits.

This occurred because SSA did not (1) identify and notify spouses when they became eligible for higher retirement benefits at age 70 or older and (2) apply the deemed filing provision or was unaware of the spouses' eligibility for retirement benefits when they applied for spousal benefits.

Although SSA sends notices to widow(er)s who may be eligible for higher retirement benefits at FRA and age 70, it does not provide notices to spouses who may be eligible for higher retirement benefits based on their own earnings.

In response to our 2008 audit, SSA formed a workgroup, identified a population of 18,768 spouses eligible for higher retirement benefits, and developed a notification letter. However, according to SSA, it did not take further action because of limited resources.

Our Recommendations

We recommend that SSA:

1. Identify and notify spousal beneficiaries of their eligibility to receive higher retirement benefits at age 70.
2. Evaluate the feasibility of automating benefit increases for spouses eligible for higher retirement benefits at age 70.
3. Remind employees to (1) apply the deemed filing provision when individuals apply for reduced retirement or spousal benefits and are eligible for both benefits in their first month of entitlement and (2) review and develop lag earnings for spousal beneficiaries if eligibility for retirement benefits is dependent upon those earnings.

SSA agreed with our recommendations.