

Spousal Beneficiaries Whose Government Pension Offset Has Stopped

A-09-13-23049



May 2014

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure it did not improperly stop Government Pension Offset (GPO) for spousal beneficiaries.

Background

The GPO provision reduces monthly benefits for spouses, divorced spouses, and surviving spouses who receive a pension based on their own work for a Federal, State, or local government that was not covered by Social Security. The GPO reduction is generally equal to two-thirds of the government pension.

Under certain conditions, an exemption from GPO may apply or SSA may properly stop GPO for beneficiaries who are no longer receiving their pensions. If GPO does not apply, SSA employees must record the reason for the exemption on the Master Beneficiary Record (MBR).

Our Findings

SSA needs to improve its controls to ensure it does not improperly stop GPO for spousal beneficiaries. We estimate that SSA incorrectly recorded GPO stop dates for 812 spousal beneficiaries on the MBR. This included 314 beneficiaries whom SSA overpaid about \$9.1 million because it improperly stopped withholding GPO or incorrectly calculated the GPO amounts. Finally, we estimate that SSA will overpay the 314 spousal beneficiaries about \$2 million, annually, unless it takes action to identify and correct these payment errors.

Generally, these errors occurred because SSA employees erroneously recorded GPO stop dates on the MBR, did not properly calculate GPO because they incorrectly recorded monthly pensions as lump sum payments, or did not properly apply pension amounts when they calculated the GPO amount.

Our Recommendations

We recommend that SSA:

1. Take corrective action to remove the improper GPO stop dates for the 88 beneficiaries identified by our audit. In addition, if appropriate, establish overpayments and withhold GPO from 34 of these beneficiaries.
2. Evaluate the results of its corrective action for the 88 beneficiaries and determine whether it should review the remaining population of 823 spousal beneficiaries.
3. Determine whether it should develop additional controls and procedures to ensure GPO stop dates are correct.

SSA agreed with our recommendations