

Disabled Beneficiaries Who Are 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 inform disabled beneficiaries when they were eligible for higher retirement benefits.

Background

The Social Security Act provides monthly benefits to disabled workers. Workers' compensation (WC) provides benefits to workers injured on the job or have a work-related illness. A public disability benefit (PDB) is required by a law or plan of a Federal, State, or local government entity. The Social Security Act requires that SSA reduce Social Security disability benefits when a beneficiary receives WC/PDB.

When disabled beneficiaries reach age 62, SSA employees must determine whether they are eligible for higher retirement benefits. SSA employees must also notify disabled beneficiaries when their monthly retirement benefits would exceed their monthly disability benefits. If a disabled beneficiary elects retirement benefits, SSA processes a retirement application and pays the higher monthly benefit. If a beneficiary does not elect retirement benefits, SSA should document the reason in its electronic files.

We identified 64,911 disabled beneficiaries over age 62 whose benefits were reduced by WC/PDB and who may have been eligible for higher retirement benefits.

Findings

SSA needs to improve its controls to ensure it notifies disabled beneficiaries when they are eligible for higher retirement benefits. Based on our random sample, we estimate that 17,137 disabled beneficiaries were eligible for higher retirement benefits totaling approximately \$105.6 million.

This occurred because SSA employees did not inform disabled beneficiaries when they were eligible for the higher retirement benefits or document the reasons beneficiaries did not elect higher retirement benefits, as required.

Recommendations

1. Take appropriate action for the 66 beneficiaries identified by our audit.
2. Evaluate the results of its corrective actions for the 66 beneficiaries and take appropriate action to notify the remaining population of disabled beneficiaries who may be eligible for higher retirement benefits.
3. Improve controls to ensure disabled beneficiaries are informed when they are eligible for higher retirement benefits or document the reason beneficiaries did not elect higher retirement benefits.

SSA agreed with our recommendations.