

Beneficiaries Who Receive Paper Checks

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Office of Audit Report Summary

Background

As of March 1, 2013, the Department of the Treasury was requiring that all beneficiaries receive their Social Security benefits by electronic funds transfer (EFT) unless they met an exemption to this requirement.

Almost 2 years after the requirement was implemented, we identified over 845,000 Old-Age, Survivors and Disability Insurance beneficiaries who continued receiving benefits by paper check.

We reviewed a sample of beneficiaries to determine whether these data could help the Social Security Administration (SSA) identify ineligible beneficiaries. We also wanted to determine why the beneficiaries had not converted to EFT to receive their benefits. Specifically, we selected 60 beneficiaries who were 70-years-old or older and had a mailing address within 100 miles of an Office of Audit location. We contacted and attempted to visit the 60 beneficiaries to confirm whether they were still eligible for benefits and to discuss the reasons they did not convert to EFT to receive their benefits.

Summary

We determined 56 of the 60 beneficiaries in our sample were still eligible for benefits. We were not able to locate four beneficiaries, and SSA subsequently suspended their benefit payments in May or June 2016. However, we did not locate a death record or obtain any other information that would question their eligibility. Given the lack of definitive information, we could not conclude the four beneficiaries were ineligible for benefits. As of September 2016, SSA resumed paying two of the beneficiaries after they contacted the Agency. Although we could not confirm the status of the remaining two beneficiaries, we concluded that data on beneficiaries receiving paper checks would not effectively help SSA identify ineligible beneficiaries.

Of the beneficiaries we visited, 41 told us why they did not convert to EFT. Their reasons included that they did not think direct deposit was as convenient as paper checks, were not aware of the EFT requirements, or had not had a chance to convert to EFT.