

# GAO Highlights

Highlights of [GAO-16-786](#), a report to the Special Committee on Aging, U.S. Senate

## Why GAO Did This Study

Many eligible individuals claim Social Security retirement benefits at the earliest eligibility age, even though they would receive higher benefits if they waited until older ages. In order to make an informed decision about when to claim, people need to understand how various Social Security rules and other factors affect benefit amounts. GAO was asked to examine these issues.

This report examines (1) the extent to which people understand Social Security rules affecting their retirement benefits; and (2) what information SSA provides to individuals to enable them to make informed claiming decisions. GAO observed a demonstration of the online claims process and a nongeneralizable sample of 30 in-person claims applications and inquiries in 7 field offices; reviewed applicable federal laws, regulations, and agency documentation; reviewed surveys and academic studies, selected in part based on expert referrals and a comprehensive review of the research literature; and interviewed Social Security experts and agency officials.

## What GAO Recommends

GAO is making six recommendations to SSA, including that SSA take steps to ensure that claims specialists provide information on delayed benefits that is consistent with POMS, and that the claims process provides claimants better information on the retirement earnings test. SSA generally agreed with our recommendations.

View [GAO-16-786](#). For more information, contact Charles Jeszeck at (202) 512-7215 or [jeszeck@gao.gov](mailto:jeszeck@gao.gov).

September 2016

## SOCIAL SECURITY

# Improvements to Claims Process Could Help People Make Better Informed Decisions about Retirement Benefits

## What GAO Found

GAO's review of nine surveys and academic studies, and interviews with retirement experts, suggest that many individuals do not fully understand key details of Social Security rules that can potentially affect their retirement benefits. For example, while some people understand that delaying claiming leads to higher monthly benefits, many are unclear about the actual amount that benefits increase with claiming age. The studies and surveys also found widespread misunderstanding about whether spousal benefits are available, how monthly benefits are determined, and how the retirement earnings test works. Understanding these rules and other information, such as life expectancy and longevity risk, could be central to people making well-informed decisions about when to claim benefits. By having this understanding of retirement benefits, people would also be in a better position to balance other factors that influence when they should claim benefits, including financial need, poor health, and psychological factors.

The Social Security Administration (SSA) makes comprehensive information on key rules and other considerations related to claiming retirement benefits available through its publications, website, personalized benefits statements, and online calculators. However, GAO observed 30 in-person claims at SSA field offices and found that claimants were not consistently provided key information that people may need to make well-informed decisions. For example, in 8 of 26 claims interviews in which the claimant could have received higher monthly benefits by waiting until a later age, the claims specialist did not discuss the advantages and disadvantages of delaying claiming. Further, only 7 of the 18 claimants for whom the retirement earnings test could potentially apply were given complete information about how the test worked. SSA's Program Operations Manual System (POMS) states that claims specialists should explain the advantages and disadvantages of filing an application so that the individual can make an informed filing decision. The problems we observed during the claims interviews occurred in part because the questions included in the claims process did not specifically cover some key information.

Online applicants have more access to key information on the screen or through tabs and pop-up boxes as they complete an application. However, similar to in-person interviews, the online application process does not inform claimants that benefits are based on the highest 35 years of earnings or that life expectancy is an important consideration in deciding when to claim.