





COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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1/ To the President of the Senate and the  
Speaker of the House of Representatives

This is our report on unclaimed benefits in the Civil Service Retirement Fund.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget, and to the Chairman, United States Civil Service Commission.

A handwritten signature in cursive script, reading "James B. Axtell".

Comptroller General  
of the United States

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ABBREVIATIONS

GAO	General Accounting Office
OMB	Office of Management and Budget
IRS	Internal Revenue Service
SSA	Social Security Administration

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WHY THE REVIEW WAS MADE

Thousands of former Federal employees, well beyond the retirement age, have not applied for annuities or refunds of their contributions to the Civil Service Retirement Fund. Under the rules which the Civil Service Commission is now following (1) most of the benefits probably never will be paid and (2) the Commission will be required to keep records on the unpaid benefits forever. The number of such employees will increase substantially over the years.

The General Accounting Office (GAO) made this review to determine the extent of unclaimed Federal retirement benefits, the reason for their existence, the solutions to the problem, and the feasibility of locating former Federal employees or their beneficiaries to advise them of their rights to these benefits.

FINDINGS AND CONCLUSIONS

Extent of unclaimed benefits

Approximately 338,000 people aged 62 or over, including 269,000 people beyond the mandatory retirement age of 70, have not applied for annuities or refunds of their retirement contributions totaling about \$26 million. (See p. 7.) Approximately \$20 million, or 78 percent, of these unclaimed benefits belong to about 33,000 people, of whom each is entitled to more than \$100 and some are entitled to deferred or immediate annuities amounting to several

thousand dollars. (See p. 9.)

The substantial number of unclaimed funds created a large and unnecessary recordkeeping problem for the Commission. Although GAO did not determine the financial status of any of the people entitled to the funds, it is reasonable to assume that many of them need the money. GAO therefore believes that returning the money would serve a purpose as useful as, or more useful than, correcting a serious recordkeeping problem and would provide benefits expected of the Government.

Feasibility of locating people with unclaimed benefits

Using about 100 people as a test, GAO found--with the assistance of the Federal Records Center, the Internal Revenue Service, and the Social Security Administration--that about 50 percent, with apparent current addresses, could be located. We sent letters to these people, and as of June 30, 1972, 20 had responded. These 20 were paid a total of more than \$18,700 in refunds, annuities, and death benefits. (See p. 11.) For example:

1. A former employee with 24 years of service was entitled to an accrued annuity totaling \$3,509 and will receive a monthly annuity of \$124.
2. A 73-year-old widow of a deceased Government employee was due a refund of \$392.

GAO believes that the cost of locating each individual, estimated at less than \$10, should be financed from the retirement fund because the fund is receiving substantial interest on these unclaimed funds. (Authority to spend the necessary amounts from the retirement fund will have to be obtained from the Office of Management and Budget (OMB) and the Congress.) (See p. 13.) GAO believes also that people with total refunds between \$2.6 million and \$9.6 million can be located and that the total cost of locating them will be between \$254,000 and \$389,000. (See p. 13.)

Under present law retirement funds are due in perpetuity to the employees who paid them and to their heirs; therefore, if they are unclaimed, the Commission must maintain the records forever. In our judgment, a statute of limitations is needed that would apply after certain conditions are met. (See p. 15.)

RECOMMENDATIONS OR SUGGESTIONS

2 We recommend that the Commission seek approval from OMB and the Congress to finance, through the retirement fund, a program to return unclaimed retirement funds. After the Commission receives approval, it should:

--Search its files for the estimated 51,000 unclaimed-benefit cases involving people aged 62 or over who are owed at least \$100 each.

3 --Attempt to locate those people by working with the Social Security Administration, the Internal Revenue Service, the Federal Records

Center, and any other agencies to notify them of their rights to the unclaimed benefits.

--Periodically review unclaimed funds to insure that former Government employees receive their entitled benefits.

--Consider the economic and practical possibility of reducing the minimum to less than \$100 in order that as many people as possible can be paid.

--Advise Federal agencies of the extent of unclaimed benefits and re-emphasize the importance of providing proper counseling to people leaving Government employment so they will be aware of their rights to retirement fund benefits.

--Propose legislation (which it is now considering) to provide for a statute of limitations on the Commission's liability to pay money owed from the retirement fund. Such legislation probably should provide that the former employee would reach some age (perhaps age 100) at which the Commission would be reasonably certain that they would not make any claims. The Commission agreed to commit itself in the legislative history to trying (along the lines described above) to locate the people before applying the limitation.

AGENCY ACTIONS

The Commission, which cooperated in our tests, has agreed that the program outlined above appears feasible and plans to begin it as soon as funds are available. Earlier action has been prevented by a lack of a safe and reasonably economic approach to contacting owners of unclaimed benefits.

MATTERS FOR CONSIDERATION  
BY THE CONGRESS

We believe the Congress should consider:

--Granting a Commission request for expense authority to finance, through the retirement fund, a search for people with unclaimed

retirement benefits, who are otherwise unlikely to claim them, as outlined in our recommendations to the Commission.

--Enacting a statute of limitations to permit the Commission to destroy retirement records when it is statistically sound to conclude that no claims will be made.

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## CHAPTER 1

### THE CIVIL SERVICE RETIREMENT FUND

The civil service retirement system was established in 1920 to provide incomes to retired employees in recognition of their Federal service. Under enabling legislation the financial resources to provide these benefits are to be maintained in the Civil Service Retirement Fund, which the U.S. Treasury holds in trust for Federal employees who are members of the retirement system. About 90 percent of all civilian Federal employees are members of this system.

Under the system Federal employees contribute a portion of their salaries to the retirement fund in exchange for the right to future benefits upon attainment of certain eligibility requirements.

#### RETIREMENT FUND INCOME AND BENEFITS

The United States Civil Service Commission administers the retirement fund through its Bureau of Retirement, Insurance and Occupational Health. Upon receipt of valid claims from former Federal employees or beneficiaries, the Bureau directs the U.S. Treasury to refund contributions, death benefits, and annuities to people entitled to them. During calendar year 1971, about \$186 million in refunds and death benefits were paid and approximately a million people, including about 263,000 survivor annuitants, received annuities totaling more than \$3.3 billion. During the 51 years the retirement fund has existed, almost \$28 billion in annuities, refunds, and death benefits have been paid to former employees and their beneficiaries.

The principal sources of retirement fund income are payroll withholdings from employees<sup>1</sup> and matching contributions from agencies. Federal employees and their employing agencies contributed about \$3.9 billion to the retirement fund in calendar year 1971.

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<sup>1</sup>Effective January 1970 the amount of withholdings equals 7 percent of the employee's gross salary.



Additional sources of income include U.S. Treasury payments for interest on the unfunded liability and annuity disbursements attributable to credit allowed for military service, voluntary contributions by employees to increase their retirement annuities, and interest income from investments in Government and Government agency securities. Appendix I shows the amount of money received by the retirement fund, the amount of benefits paid, and the amount invested in securities for the year ended December 31, 1971.

#### ELIGIBILITY REQUIREMENTS FOR BENEFITS

Specific criteria must be met before an individual may receive benefits from the retirement fund. To be eligible for a refund, a separated employee must have served in the Federal Government and had retirement withholdings taken from his salary. A refund benefit is simply a return of these withholdings plus any accrued interest. To be eligible for a retirement annuity, an individual must have at least 5 years of creditable Federal service. To be entitled to death benefits, an individual must be a survivor or designated beneficiary of a former employee; depending on the circumstances, he is entitled to receive either a survivor annuity or a lump-sum refund.

Present Commission instructions provide that, when a Federal employee leaves the Government, his agency should counsel him on his rights to money in the retirement fund. The agency should advise him that he cannot receive benefits unless he submits a claim to the Commission. Commission officials are not required to advise an individual of any unclaimed retirement benefits, and unless a claim is made, an individual cannot expect to receive benefits. Under present law benefits are due in perpetuity to employees and their rightful heirs; therefore, the Commission must keep records in support of retirement transactions forever.

## CHAPTER 2

### UNCLAIMED BENEFITS OF

#### FORMER FEDERAL EMPLOYEES AND BENEFICIARIES

When an employee leaves the Federal Government or transfers to another Federal agency, his Individual Retirement Record (SF-2806), which shows the amount of his retirement withholdings, is sent to the Commission's Records Division at Boyers, Pennsylvania. The Division maintains these records for all current and former Federal employees.

When an individual applies for an annuity or a refund, the Commission sends his application to Boyers. Employees there search the alphabetically arranged files, remove all individual retirement records for each Federal agency for which the applicant worked. The data on these records is used to determine the amount of the annuity or refund to which the applicant is entitled. Applications for death benefits filed by survivors of former Federal employees are processed in the same manner.

The vast majority of former Federal employees eventually apply for annuities or refunds, or their survivors file for death benefits. However, thousands of former Federal employees have reached the mandatory retirement age of 70<sup>(1)</sup> without applying for refunds or annuities, and presumably most will never claim their benefits.

#### UNCLAIMED MONEY DISCLOSED BY TWO MANAGEMENT SURVEYS

The existence of unclaimed retirement benefits has been known for many years. In 1942 the Commission gave a Member of Congress, at his request, a list of all former employees with unclaimed funds. In 1955 a group of consulting engineers, Lester B. Knight and Associates, Incorporated, made a paperwork management survey for the Commission that revealed an estimated 54,000 former employees aged 72 or

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<sup>1</sup>This is the mandatory retirement age provided the individual has served 15 years.

over had credit balances due. The consultants estimated the average amount owed these people was about \$25. Their report to the Commission said trying to locate these people or their next of kin would probably be too costly.

The consultants recommended purging the retirement records of these 54,000 people from the Commission's files, retaining those files on people for whom a check of the locator file at the Federal Records Center in St. Louis, Missouri, indicated reentry into Federal service, and publishing a list of the remaining people in the "Federal Register." The consultants recommended destroying the records, upon authorization of the Congress, if the retirement benefits were not claimed within 1 year of publication. The Commission had reservations about the effect of this recommendation; therefore, it took no action.

The problem of unclaimed retirement benefits steadily grew. In May 1971, at the request of the Commission, the National Archives and Records Service of the General Services Administration made a paperwork management survey and issued a report to the Commission. The report mentioned that an estimated 274,000 people over 71 years of age had not claimed their retirement benefits.

The consultants from National Archives estimated that, for all unsettled-refund cases on file in the Commission, about half had credit balances of less than \$20.

GAO STATISTICAL SAMPLE OF  
UNCLAIMED-BENEFIT CASES

The National Archives management study team advised us that its sample consisted of only eight of the approximately 30,000 file drawers of retirement records at Boyers. To see if there were enough significant unclaimed-benefit cases to warrant trying to locate these people we took a random sample of 320 drawers (about 1 percent) at Boyers and projected it over the Federal work force of people aged 62 or over. On the basis of this test, we estimated the number of benefit cases that were likely to be unclaimed as follows:

<u>Monetary breakout</u>	<u>Gross unpaid retirement records</u>	<u>Estimated current Federal work force (note a)</u>	<u>Net unclaimed- benefit cases (note b)</u>	<u>Estimated unclaimed benefits (millions)</u>
\$100 or above	51,000	18,000	33,000	\$20.4
\$50 to \$100	36,000	9,000	27,000	1.9
Less than \$50	<u>362,000</u>	<u>84,000</u>	<u>278,000</u>	<u>3.7</u>
	<u>449,000</u>	<u>111,000</u>	<u>338,000</u>	<u>\$26.0</u>

<sup>a</sup>We assumed that these people would apply for their benefits at future dates. We did not estimate how many might become unclaimed-benefit cases, because the prime purpose of our projection was to show that there were enough significant unclaimed-benefit cases to justify implementation of our recommendations. It is entirely possible that there would be some unclaimed benefits in these cases.

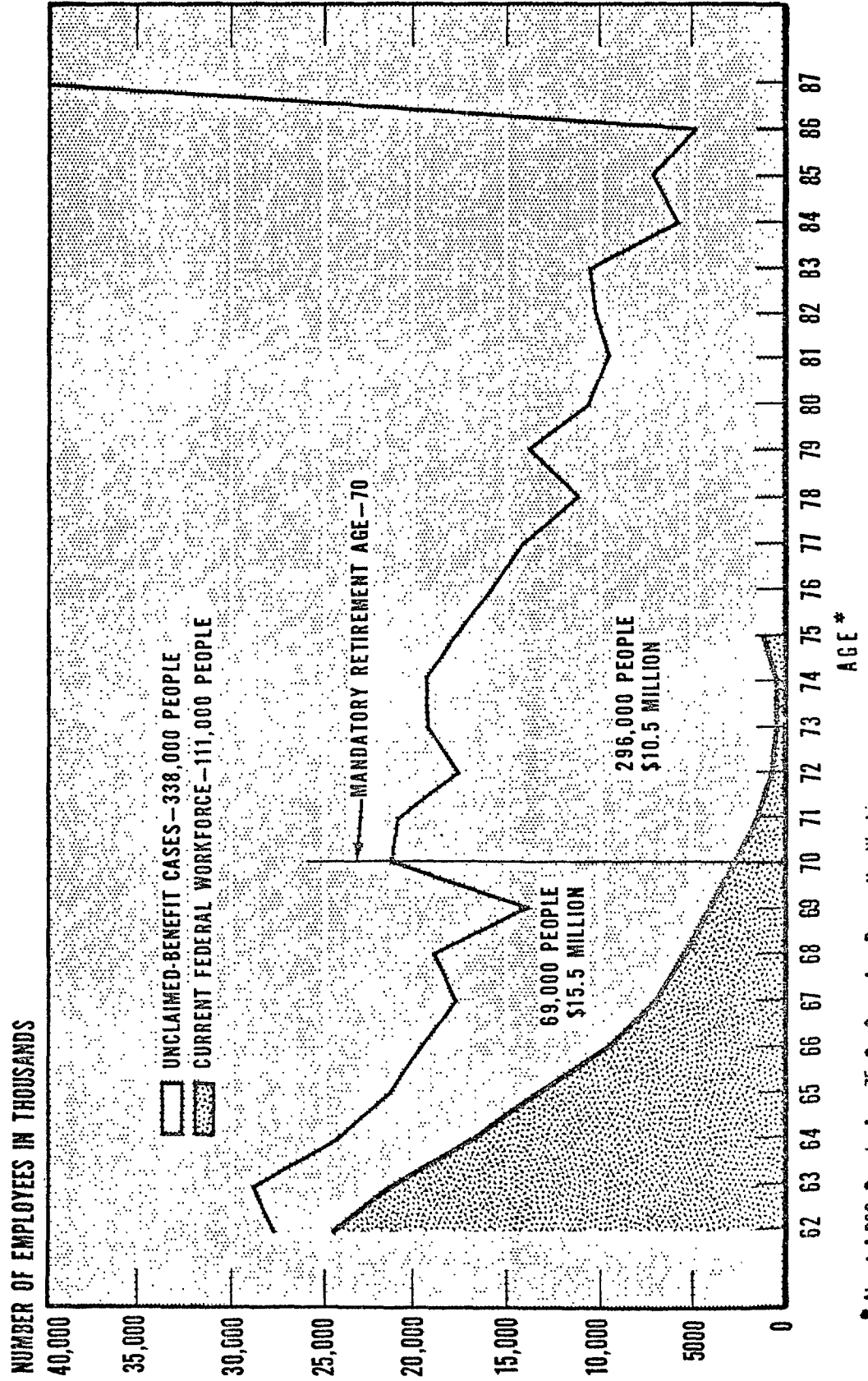
<sup>b</sup>People who have paid into the retirement fund, have left the work force, and are unlikely to make claims.

The table verifies the Knight and National Archives and Records Service reports that the vast majority of unclaimed benefits involve small amounts. However, the table also shows that a relatively small number of people have substantial amounts of unclaimed benefits.

Further analysis of the information obtained at Boyers showed, as indicated in the following chart, that people aged 62 to 69 had fewer unclaimed benefits than people aged 70 or over. This trend may be attributable to Federal employees' greater awareness of their entitlement to retirement fund benefits or to improved counseling provided to Federal employees when they leave Government service.

Despite the trend toward fewer unclaimed benefits of people aged 62 to 69, they had a greater amount of unclaimed money (\$15.5 million) than people over 70 (\$10.5 million). We believe this is due to increases in both the salaries and the percentage of retirement withholdings in recent years.

# NUMBER OF UNCLAIMED-BENEFIT CASES PER AGES OF EMPLOYEES



\* About 1,000 People Age 75 Or Over Are Presently Working

## CHAPTER 3

### FEASIBILITY OF LOCATING PEOPLE

#### WITH UNCLAIMED BENEFITS

The tests discussed in chapter 2 disclosed that a fairly large number of people owed \$100 or more each were unlikely to ever claim what was due them. Three problems remained: (1) how to find the people, (2) how much would it cost, and (3) how to finance the cost.

#### FINDING THE PEOPLE

The individual retirement records filed at Boyers do not include addresses or, in most cases, social security numbers, the easiest method for determining current addresses. We were told that the Federal Records Center can generally find a social security number in a former Federal employee's personnel file if given his name, date of birth, and last employing agency, normally shown on retirement records.

We asked the Internal Revenue Service (IRS) and the Social Security Administration (SSA) to identify current addresses, using the social security numbers identified. In a sample of 100 people (aged 70 or over), IRS was able to identify 18. Apparently this relatively small number is due to many such people not having sufficient taxable incomes to require tax returns.

A test of 98 cases at SSA was considerably more successful, as the following table shows.

<u>Age group</u>	<u>Sample size</u>	<u>Living</u>	<u>Survivor beneficiaries</u>	<u>Percentage of addresses found</u>
62 to 69	62	24	4	45
70 or over	<u>36</u>	<u>8</u>	<u>6</u>	<u>40</u>
Total	<u>98</u>	<u>32</u>	<u>10</u>	<u>43</u>

SSA also found 29 cases of deceased former employees with no known survivors. Thus, SSA was able to find some information on 71 of the 98 people in the sample.

Using the addresses obtained, we sent joint Commission-General Accounting Office (GAO) letters to the people or their survivors, explaining their rights to unclaimed benefits. (See app. II.) As of June 30, 1972, we had received responses from 20 people and \$18,762.55 in annuities, refunds, and survivor benefits had been paid to these former employees and their beneficiaries. (See app. IV.)

Some of the replies to our letters indicated reasons for not claiming benefits. For example:

- A resident of New Orleans, Louisiana, aged 64, wrote that he had been employed for 24 years, primarily with the Corps of Engineers, and had not submitted a claim because the Corps had counseled him that he could not apply for an annuity until age 70. The man was entitled to an immediate accrued annuity totaling \$3,509. He will also receive a monthly annuity of \$124.
- A resident of Globe, Arizona, aged 81, wrote that he had been employed in numerous Federal positions covering about a 15-year period and was unaware that retirement deductions had been extracted from his pay. The man had been entitled to a deferred annuity, which totaled \$6,468, since 1953. He is now receiving a monthly annuity of \$35.
- A resident of Elmer, New Jersey, aged 73, wrote that he had worked for a Department of Defense ordnance facility and was completely unaware of any money owed him. He had been owed an annuity since 1953. His unclaimed benefit to date amounts to \$2,600 in accrued benefits, and his present monthly annuity is \$21.
- A widow from Avon Park, Florida, aged 82, filed an application to claim her deceased husband's benefits. Her entitlement amounted to a refund of \$191. Her husband had died in August 1953, and she had not known of her entitlement to the refund.

--A widow living in Chickasha, Oklahoma, aged 73, filed an application to claim her deceased husband's benefits, which amounted to \$392. Her husband died about 20 years ago, and she had been unaware of her right to death benefits.

--A blind resident of Wichita, Kansas, aged 73, wrote that he had been employed as an aircraft engine foreman at Wright-Patterson Air Force Base. He had been owed an annuity since 1961. His unclaimed benefit to date amounts to \$2,800 in accrued benefits, and his present monthly annuity is \$27.

#### THE COSTS OF FINDING CURRENT ADDRESSES

The costs of locating people are estimates prepared for us by those agencies which assisted us in our test. The final costs will probably be subject to some negotiation between these agencies and the Commission.

The cost to locate an individual entitled to unclaimed benefits, assuming a social security number is listed on his individual retirement record, is about \$7. This consists of (1) \$1.25 for Boyers' manual search for the individual's retirement record, (2) \$0.25 for a search of the IRS master taxpayer file, and (3) \$5.50 for a search of the SSA master beneficiary, summary earnings, and health insurance records and for some SSA administration and mailing costs. When no social security number is shown on the retirement record, an additional \$1 to \$3 must be incurred to attempt to find a social security number by sending an individual's name and last known employing agency to the Federal Records Center.

As shown in the table on page 9, Boyers has unpaid-retirement records for about 51,000 people aged 62 or over, each of whom is entitled to at least \$100. About 33,000 of these people represent unclaimed-benefit cases. Attempting to locate the 33,000 people would entail searches of all 51,000 unpaid-retirement records. The maximum cost would probably be about \$389,000.



FINANCING THE COST

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We believe the cost of locating people and paying unclaimed benefits should be financed by the retirement fund because the fund has been earning substantial interest (\$1.3 million in fiscal year 1972) on the unclaimed benefits. The Commission advised us that the necessary expense authority would require the approval of the Office of Management and Budget (OMB) and the Congress.

ANTICIPATED BENEFITS TO BE PAID

SSA and IRS found addresses for 40 percent and 18 percent, respectively, of the unclaimed-benefit cases in our samples. This indicates that these agencies will identify addresses in about one-half of the future cases. We estimated that, if one-half of the people owed \$100 or more whose retirement records show social security numbers could be located, about \$2.6 million in benefits, not including interest or annuities payable, could be paid.

It is more difficult to estimate the benefits that will be paid to the people owed \$100 or more whose social security numbers are not listed at Boyers, since it is not known how many numbers can be found at the Federal Records Center. The following table shows that estimated benefits of \$2.6 million to \$9.6 million may be paid with related costs of \$254,000 to \$389,000, respectively, assuming various percentages of social security numbers are located at the Federal Records Center.

Benefits based on social security numbers at Boyers (millions)	Percent of social security numbers that may be found at the Federal Records Center	Additional benefits payable	Total estimated benefits	Expected costs to pay estimated benefits
			(millions)	
\$2.6	0	\$ -	\$2.6	\$254,000
2.6	10	0.7	3.3	268,000
2.6	20	1.4	4.0	281,000
2.6	30	2.1	4.7	295,000
2.6	40	2.8	5.4	308,000
2.6	50	3.5	6.1	321,000
2.6	60	4.2	6.8	335,000
2.6	70	4.9	7.5	348,000
2.6	80	5.6	8.2	362,000
2.6	90	6.3	8.9	375,000
2.6	100	7.0	9.6	389,000

Note: None of the estimates take into account people who are notified that they may have benefits but who fail to respond.

## PROPOSED STATUTE OF LIMITATIONS

As part of its paperwork management survey mentioned on page 8, the National Archives and Records Service recommended that the Commission seek a statute of limitations that would relieve the Commission of maintaining records of people beyond a certain age. Without such a statute, the Commission will be required to maintain the records forever. Commission and National Archives personnel had tentatively agreed that age 100 would be appropriate for the statute. Records on an individual who reaches age 100 without filing a claim would be destroyed. Records might be destroyed earlier under some circumstances, such as when it is known the individual has died and has no locatable heirs.

We discussed the proposal with Commission and National Archives personnel, who agreed that a statute of limitations is in order. Commission officials assured us that, before it destroyed any records under any statute of limitations eventually obtained, the Commission would try to locate people along the lines described in this report.

## CHAPTER 4

### CONCLUSIONS AND RECOMMENDATIONS

#### CONCLUSIONS

The Commission is faced with the problem of maintaining forever a very large number of records on retirement benefits that, under present practices, are unlikely to ever be claimed. Retirement records on people unlikely to make claims increased from 54,000 in 1954 to 274,000 in 1971.

The Commission could and should take two actions to resolve this problem. First, within some practical bounds, the Commission should attempt to locate and repay those people who are apparently unaware of their unclaimed benefits. Second, the Commission should be given authority to destroy records after it has attempted to locate these people (or the amounts involved are so small as to make it not worthwhile) and after sufficient time has passed (perhaps age 100) to make it reasonably certain that no claims will ever be made. Since it is impossible to say with certainty that no claim will ever be made, some arbitrary judgment will have to be made. The present system, which makes the Commission liable forever, does not seem reasonable or practical to us.

We believe we have demonstrated, with the cooperation and help of the Commission and others, a practical approach for identifying and paying a fairly large number of those people owed \$100 or more who it seems are unlikely to otherwise make claims. Assuming that authority can be obtained for financing the cost of the search, the Commission has agreed to pursue this approach. We arbitrarily selected a minimum of \$100 because it related to a relatively small number of people but a relatively large dollar value. Whether it is worthwhile to reduce this minimum further is something that can best be determined after more experience has been gained.

Once the original program has been completed, the Commission should institute a program of periodically identifying and attempting to locate people owed unclaimed benefits. This is likely to be less of a problem in the future because

(1) people are apparently becoming more aware (probably through better counseling by their agencies) of their benefits and are therefore claiming them and (2) the Commission is considering a long-range program that would include computerization of retirement records, which would make it substantially easier to identify such cases.

The Commission cooperated with us and generally agreed with our proposals.

RECOMMENDATIONS TO THE CHAIRMAN,  
CIVIL SERVICE COMMISSION

We recommend that the Commission seek approval from OMB and Congress to finance, through the retirement fund, a program to return unclaimed retirement funds to people who are owed them. After the Commission receives approval, it should:

- Search its files at Boyers for the estimated 51,000 unclaimed-benefit cases involving people aged 62 or over owed at least \$100 each. An estimated 33,000 of these cases have definite unclaimed benefits of about \$20.4 million, about 78 percent of the total amount of unclaimed funds.
- Attempt to locate those people by working with SSA, IRS, the Federal Records Center, and any other agencies and to notify them of their rights to the unclaimed benefits. These attempts should include, where appropriate, telephone contacts and followups.
- Periodically review unclaimed funds to insure that former Government employees receive their entitled benefits.
- Consider the economic and practical possibility of reducing the minimum to less than \$100 in order that as many people as possible can be paid.
- Advise Federal agencies of the extent of unclaimed benefits and reemphasize the importance of providing proper counseling to people leaving Government employment so they will be aware of their rights to retirement fund benefits.

--Propose legislation (which it is now considering) to provide for a statute of limitations on the Commission's liability to pay money owed from the retirement fund. Such legislation probably should provide that the former employees would reach some age (perhaps age 100) at which the Commission would be reasonably certain that they would not make any claims. The Commission agreed to commit itself in the legislative history to trying (along the lines described above) to locate the people before applying the limitation.

#### MATTERS FOR CONSIDERATION BY THE CONGRESS

We believe the Congress should consider:

- Granting a Commission request for expense authority to finance, through the retirement fund, a search for people with unclaimed retirement benefits, who are otherwise unlikely to claim them, as outlined in our recommendations to the Commission.
  
- Enacting a statute of limitations to permit the Commission to destroy retirement records when it is statistically sound to conclude that no claims will be made.

## CHAPTER 5

### SCOPE OF REVIEW

We made our review at the Commission's headquarters in Washington, D.C.; the Commission's Records Center; and the Federal Records Center.

We directed our review toward ascertaining the nature and extent of unclaimed retirement benefits and determining the feasibility of locating former employees or valid beneficiaries. We used statistical-sampling techniques to estimate the extent of unclaimed retirement benefits, and at Boyers we counted 29,923 file drawers of records, of which we sampled 320 drawers.

We solicited the assistance of the Bureau of Census, SSA, and IRS to help us locate people who had not claimed their benefits. Those people whose addresses were located were sent letters advising them they might be entitled to unclaimed retirement benefits and either applications for refunds or applications for death benefits to be filed with the Commission.

We discussed the unclaimed benefits with Commission officials and conducted interviews with several former employees to determine why they had not filed for their benefits.

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CIVIL SERVICE RETIREMENT AND DISABILITY FUND  
 SCHEDULES SHOWING OPERATING RECEIPTS<sup>a</sup> AND DISBURSEMENTS  
 BY MONTH FOR CALENDAR YEAR 1971

## SCHEDULE 1: RECEIPTS

Calendar year 1971	Employees' withholdings	Agency contributions	Direct appropriations	Voluntary contributions (note b)	Service credit purchases (note c)	Interest and profit on investments
January	\$ 149,074,568	\$ 149,070,375	\$ 157,816,600	\$100,337	\$ 2,196,505	\$ 4,909,131
February	147,143,835	147,167,219	-	52,145	2,070,168	43,779,178
March	173,865,850	173,871,572	-	54,374	2,652,065	2,009,006
April	176,494,506	176,489,604	-	72,050	2,706,170	3,207,735
May	154,017,410	154,033,725	337,841,000	107,775	2,824,546	28,415,461
June	163,780,583	163,784,140	277,738,000	110,550	2,390,405	555,550,955
July	153,125,421	153,134,020	436,870,000	63,150	2,719,683	4,805,739
August	168,066,977	168,102,684	-	70,125	2,773,591	48,061,067
September	165,732,632	165,785,186	-	63,425	2,156,121	3,063,552
October	156,500,949	156,530,761	-	34,350	1,962,341	2,352,190
November	179,092,958	179,129,623	-	47,850	2,030,955	27,921,474
December	<u>156,296,381</u>	<u>156,313,937</u>	<u>-</u>	<u>39,325</u>	<u>1,568,357</u>	<u>628,690,978</u>
Total	<u>\$1,943,192,070</u>	<u>\$1,943,412,846</u>	<u>\$1,210,265,600</u>	<u>\$815,456</u>	<u>\$28,050,907</u>	<u>\$1,352,766,466</u>

<sup>a</sup>The Secretary of Treasury invests operating receipts in Treasury Notes and Bonds Certificates of Indebtedness and Federal National Mortgage Association Participation Certificates. As money is needed to pay retirement benefits and administrative costs, the appropriate securities are sold to provide for such benefits or costs. At December 31, 1971, about \$26 billion had been invested by the Secretary of Treasury in Government and Government agency securities. The interest rates ranged from 3 percent to 8 percent.

<sup>b</sup>An employee can voluntarily contribute money to the retirement fund to increase his annuity at the time of retirement. These contributions must be made in multiples of \$25, and the total may not exceed 10 percent of the total basic civilian pay received since August 1, 1920.

<sup>c</sup>Service credit purchases allow employees to deposit money in the fund for periods of prior service not covered under the retirement system and to make redeposits into the fund for periods of prior service in which they received refunds. The purpose of these purchases is to increase annuities at time of retirement.

Prepared by GAO from data furnished by the Commission.

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## SCHEDULE II: DISBURSEMENTS

Calendar year 1971	Annuities paid (note a)		Refunds (note d)	Death benefits (note e)	Adminis- trative expenses
	Employee (note b)	Survivor (note c)			
January	\$ 218,277,769	\$ 38,972,971	\$ 10,452,296	\$ 1,647,709	\$3,866,686
February	217,648,725	39,153,974	11,574,259	2,187,354	-
March	219,698,665	39,856,399	13,676,538	2,737,886	-
April	223,331,596	40,707,528	11,460,828	2,083,940	1,692,671
May	222,464,434	40,347,473	12,382,935	2,028,638	-
June	237,277,861	42,128,989	13,422,798	2,330,080	-
July	254,345,614	42,612,645	15,595,102	2,023,996	-
August	248,644,977	43,014,354	15,060,082	2,012,759	-
September	249,514,164	43,291,500	16,896,823	1,784,329	-
October	250,762,043	43,350,963	15,936,818	1,503,390	-
November	252,075,166	43,972,146	13,375,274	1,736,009	-
December	<u>251,048,072</u>	<u>43,856,021</u>	<u>12,841,106</u>	<u>1,362,416</u>	<u>-</u>
Total	<u>\$2,854,089,086</u>	<u>\$501,264,963</u>	<u>\$162,674,859</u>	<u>\$23,438,506</u>	<u>\$5,559,357</u>

<sup>a</sup> Annuities paid total \$3,346,354,049.

<sup>b</sup> There were 747,148 employee annuitants at December 31, 1971.

<sup>c</sup> There were 263,575 survivor annuitants at December 31, 1971.

<sup>d</sup> Refunds were paid to 145,631 living, separated employees during calendar year 1971.

<sup>e</sup> Death benefits were paid to 25,259 people representing estates or beneficiaries of deceased annuitants and deceased employees.

Prepared by GAO from data furnished by the Commission.



COPY  
UNITED STATES CIVIL SERVICE COMMISSION

BUREAU OF RETIREMENT, INSURANCE, AND OCCUPATIONAL HEALTH

WASHINGTON, D.C. 20415

IN REPLY PLEASE REFER TO

YOUR REFERENCE

As a part of an audit by the General Accounting Office, we are reviewing records of Federal employment covered under the United States Civil Service Retirement System. It is possible that you are entitled to civil service retirement benefits, provided you are not presently employed by the Federal Government.

If you are interested in finding out whether you are entitled to a lump-sum refund or a deferred annuity from the United States Civil Service Retirement System, please fill in the enclosed application form (Standard Form 2802) and return it to us in the envelope provided. We will determine your entitlement to any money and notify you.

If you are presently employed in the Federal Government and planning to apply for a refund or annuity at a future date, please check the box below and return this letter in the envelope provided.

Sincerely yours,

/s/ Andrew E. Ruddock

Andrew E. Ruddock  
Director

I am presently employed  
by the Federal Government  
and do not wish to apply  
for a refund or annuity  
at this time.

THE MERIT SYSTEM--A GOOD INVESTMENT IN GOOD GOVERNMENT

PRINCIPAL OFFICIALS OF THE  
 UNITED STATES CIVIL SERVICE COMMISSION  
 RESPONSIBLE FOR ADMINISTRATION OF THE  
 FEDERAL EMPLOYEES' RETIREMENT PROGRAM

	Tenure of office	
	From	To
<b>COMMISSIONERS:</b>		
Robert E. Hampton, Chairman	Jan. 1969	Present
John W. Macy, Jr., Chairman	Mar. 1961	Jan. 1969
L. J. Andolsek	Apr. 1963	Present
Robert E. Hampton	July 1961	Jan. 1969
Jayne B. Spain, Vice Chairman	June 1971	Present
James E. Johnson	Jan. 1969	June 1971
 <b>EXECUTIVE DIRECTOR:</b>		
Bernard Rosen	June 1971	Present
Nicholas J. Oganovic	June 1965	May 1971
 <b>DIRECTOR, BUREAU OF RETIREMENT, INSURANCE AND OCCUPATIONAL HEALTH (formerly Bureau of Retirement and Insurance):</b>		
Andrew E. Ruddock	Sept. 1959	Present

## PAYMENTS BY THE COMMISSION

BEST DOCUMENT AVAILABLE

<u>Case number</u>	<u>Age</u>	<u>Lump-sum deferred annuity</u>	<u>Monthly annuity</u>	<u>Refund</u>	<u>Death benefit</u>
1	64	\$ 3,509	\$124	\$ -	\$ -
2	81	6,468	35	-	-
3	73	2,600	21	-	-
4	73	2,800	27	-	-
5	80	-	-	481	-
6	70	-	-	362	-
7	65	-	-	71	-
8	74	-	-	71	-
9	68	-	-	130	-
10	76	-	-	90	-
11	65	-	-	223	-
12	72	-	-	180	-
13	89	-	-	60	-
14	73	-	-	-	464
15	81	-	-	-	199
16	45	-	-	-	213
17	78	-	-	-	195
18	83	-	-	-	71
19	86	-	-	-	447
20	59	-	-	-	126
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total		<u>\$15,377</u>		<u>\$1,668</u>	<u>\$1,715</u>

Copies of this report are available from the U. S. General Accounting Office, Room 6417, 441 G Street, N W., Washington, D.C., 20548.

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