



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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FEDERAL PERSONNEL AND
COMPENSATION DIVISION

B-198304

APRIL 22, 1980

The Honorable Alan K. Campbell
Director, Office of Personnel
Management

DLG 0725

Dear Mr. Campbell:

Subject: [Some Civil Service Retirees Subject to
"Catch 62" Are Not Being Identified]
(FPCD-80-47)

We are currently reviewing the "Catch 62" provision of the civil service retirement system whereby military service performed after 1956 cannot be credited for both civil service and social security retirement benefits. We will be providing comments on S. 92 to the Chairman, Committee on Governmental Affairs, in the near future. S. 92 would permit military service performed after 1956 to be credited for both civil service retirement and social security benefits. During this review, we identified some administrative problems that can be readily fixed. Because of these problems, many civil service retirees subject to "Catch 62" may not have their civil service annuities reduced in accordance with the law.

Under current law (5 U.S.C. 8332(j)), if a civil service retiree becomes eligible for social security benefits (normally at age 62), the Office of Personnel Management (OPM) is to recompute the civil service annuity and exclude any military service after December 31, 1956, from the annuity computation. Indications are that this is not always being done, and the problem may be greatly exacerbated when more and more individuals with post-1956 military service become eligible for civil service and social security benefits.

OPM's claims adjudication procedures require that cards be prepared for retirees with post-1956 military service and filed for future followup. Three months before the retiree becomes 62, OPM is to ask the Social Security Administration (SSA) if the retiree is eligible for social security benefits



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and, if so, to recompute the civil service annuity. Your Compensation Group's quality assurance staff reported in March 1978 that cards were not being prepared or were misfiled. This could result in substantial overpayments because annuities might not be recomputed.

The quality assurance staff recommended that the annuitant's master record file on the existing automated data processing system be revised to include the years of post-1956 military service. This file would be keyed for automatic callup before the annuitant's 62nd birthday. The Compensation Group concurred that the recommendation appeared sound; however, no action has been taken to correct the problem. We understand that OPM has placed a very low priority on the problem, even though staff estimates show that it could be corrected in about half a staff month.

Our spot check of a few 1979 retiree folders verified that the problem still exists. The retirees had been informed that their annuities would be recomputed at age 62 if they became eligible for social security; however, the necessary cards had not been prepared, and OPM could not follow up on retirees' social security eligibility. If not corrected, this problem could result in substantial overpayments.

We recommend that you implement the changes outlined by your quality assurance staff to avoid future overpayments. Also, OPM should explore the possibility of determining whether there are any current retirees who should have their annuities reduced but who may not have been previously identified by the manual procedures. R

Another problem is that OPM's procedures do not identify retirees who become eligible for social security after age 62. As stated previously, OPM queries SSA 3 months before a retiree's 62nd birthday, but there is no followup to identify retirees who become eligible for social security benefits after age 62. Without this followup, retirees who become eligible for social security after age 62 will not have their civil service annuity reduced.

Additional problems could develop because the transactions between OPM and SSA are handled manually. Currently, the SSA Washington District Office receives about 100 requests each month from OPM on possible "Catch 62" cases. SSA sends these requests to its district office nearest to each annuitant to determine social security eligibility. As time passes, there will be more and more annuitants with

post-1956 military service. As these numbers increase, manual operations will become an administrative burden to both OPM and SSA, and the possibility of administrative errors resulting in overpayments will also increase. OPM and SSA need to establish an automated system to identify retirees eligible for social security at age 62 and retirees who become eligible after age 62. The Director of User Services at SSA advised us that its existing automated system could easily be revised to include post-1956 military service on the annuitant's earnings record.

We believe that an automated system for determining and following up on social security eligibility is needed to properly implement the current law. Such an automated system will also be needed to implement most of the changes to the law that are now being considered. We recommend that you explore the possibilities of developing such a system with SSA. *HR*

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of Health and Human Resources; and to the Chairmen, House Committee on Post Office and Civil Service, the Senate Committee on Governmental Affairs, and the House and Senate Committees on Appropriations.

Sincerely yours,

H. L. Krieger

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Director