



Title XVI Foreign Pension Review Report

Office of Analytics, Review, and Oversight

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Executive Summary

Overview

The Office of Analytics, Review, and Oversight conducted a review of aged Supplemental Security Income (SSI) recipients who may be eligible for foreign pensions. Our goal was to identify recipients and spouses who are eligible for, or are receiving, undisclosed foreign pensions. As a condition of SSI eligibility, individuals are required to file for other benefits, including these pensions. However, no systems interface¹ or diary exists to alert field offices (FO) that recipients are eligible for or receiving foreign pension income. Therefore, technicians must rely on recipients to disclose foreign pension income or potential eligibility.

The Office of the Inspector General (OIG) released two SSI audit reports on undisclosed pension income from Russia² and China.³ These reports estimated a total of \$170 million in SSI overpayments (O/P) resulting from these pensions. Recipients born in Russia or the Union of Soviet Socialist Republics accounted for \$45 million in O/Ps. Recipients born in China accounted for \$125 million in O/Ps.

For additional perspective on the impact of foreign pensions on the entire SSI population,⁴ we can examine the findings from the SSI Stewardship Review. For fiscal years 2011-2016, the stewardship review identified 22 foreign pension-related O/Ps, projecting to 26,970 O/Ps and \$72.4 million in O/Ps across the entire SSI population. Most of these O/Ps resulted from recipients or payees failing to report an increase in their existing pensions. Only 6 of the 22 O/Ps involved undisclosed pensions, where the recipient failed to report the foreign pension income. The SSI Stewardship Review does not record information on potential entitlement to foreign pensions.⁵ Refer to [Appendix A](#) for more information.

For this review, we selected 450 cases and reviewed 373. We excluded 77 cases (17 percent) for various reasons, the most common being that recipients did not respond to our notices or phone calls.

Findings

We found unreported foreign pensions in 8 of the 373 cases. Seven of the 8 error cases involved O/Ps, which yielded a case error rate of 1.9 percent. One case had no payment effect because the spouse's foreign pension amount was not high enough for deeming⁶ to apply. The average monthly pension amount was \$110.86. The average O/P amount in the sample month was \$83.95.

We also found potential eligibility for foreign pensions in 91 cases. We referred these cases to Operations for development. Of these 91 cases, FOs found 7 in which the recipient was

¹ The [Internal Revenue Service](#) (IRS) requires U.S. citizens and resident aliens to report foreign income and financial accounts. SSA does not have an interface with the IRS that reports foreign income or financial accounts.

² SSA OIG, [Supplemental Security Income Recipients Eligible for, or Receiving Russian Pensions \(A-01-12-21238\)](#), December 2012.

³ SSA OIG, [Supplemental Security Income Recipients Eligible for, or Receiving Pensions from China \(A-01-16-50011\)](#), June 2016.

⁴ Stewardship data is weighted. A weight represents the relationship between a sample and all cases in the population being studied. It allows us to project our findings to the entire population.

⁵ [QR 06050.090](#) and [QR 08030.100.D](#) explains how unearned income and foreign pensions are recorded.

⁶ [SI 01320.001](#) explains deeming of income.

currently receiving a previously undisclosed foreign pension. These pensions were from Mexico, Moldova, Philippines, and Poland. FOs determined 56 cases were not eligible for a foreign pension. In five cases, recipients filed for foreign pensions, but their eligibility decisions were pending as of the date of this report. Refer to [Table 3](#) for the remaining development of potential eligibility cases.

Recommendations

During an interview, it can be time-consuming to determine if the recipient and spouse are eligible for a foreign pension. Many recipients are not aware of their potential eligibility and qualifying conditions to receive a pension from their country of origin. SSI technicians have to inquire about their foreign employment and research the [Social Security Programs Throughout the World](#) (SSPTW) website for pension requirements. Technicians also have to determine if an agreement exists to pay pensions to individuals who live in the United States. Finally, technicians often need to provide contact information when asking recipients to inquire about their foreign pension eligibility. To help technicians develop foreign pensions, we offer the following recommendations:

1. The Office of Income Security Programs (OISP) should consider modifying several Program Operations Manual System (POMS) sections related to foreign pensions, including:
 - [SI 00510.005.C](#) – Modify the fourth bullet to read, “FO precedent files on pension plans and foreign pension qualifying conditions in [Social Security Programs Throughout the World](#).”
 - [SI 00510.010.E](#) – Add, “If there is no Totalization agreement, refer to [Social Security Programs Throughout the World](#) and [Social Security in Other Countries](#) websites.”
 - [SI 00830.105.A](#) – Modify the last sentence to read, “This usually will be in the form of a check or direct deposit to a bank, received by someone on behalf of the individual.”
2. OISP should consider revising [AM-13032 SEN](#) by adding a new section under B. entitled, C. Foreign Pension Development. Consider language similar to the following:

“Many SSI applicants and recipients are not aware of foreign pension qualifying conditions or if they are potentially eligible. To assist them in determining potential eligibility:

- Ask the recipient or recipient’s spouse if he or she worked while living in a foreign country. If yes, obtain the type and place of employment, and number of years worked before moving to the United States. Ask the recipient or spouse if they deposit a foreign pension into a domestic or foreign bank. If no, ask if a third party sends a foreign pension payment to someone on the recipient or spouse’s behalf.
- If the recipient or spouse does not receive a foreign pension, look for the qualifying conditions to receive a pension on the [SSPTW](#) website. If it appears the recipient or spouse is potentially eligible, provide them with the social insurance agency or consulate contact information from the International Programs, Social Security in Other Countries website at <https://www.ssa.gov/international/links.html>, or the [Key Officers of Foreign Service Posts](#) available on the [U.S. Department of State’s](#) website. SSA should not contact any foreign consulates or agencies on behalf of applicants or recipients.”

Background

The Office of Analytics, Review, and Oversight conducted a review of aged Supplemental Security Income (SSI) recipients who may be eligible for foreign pensions. Our goal was to identify recipients and spouses who are eligible for, or are receiving, undisclosed foreign pensions. As a condition of SSI eligibility, individuals are required to file for other benefits, including foreign pensions. However, no systems interface¹ or diary exists to alert field offices (FO) that recipients are eligible for or receiving foreign pension income. Therefore, we must rely on recipients to disclose foreign pension income or potential eligibility.

The Office of the Inspector General (OIG) released two audit reports on undisclosed pension income from Russia² and China.³ These reports estimated a total of \$170 million in SSI overpayments (O/P) resulting from these pensions. Recipients born in Russia or the Union of Soviet Socialist Republics accounted for \$45 million in O/Ps. Recipients born in China accounted for \$125 million in O/Ps.

For additional perspective on the impact of foreign pensions on the entire SSI population,⁴ we can examine the findings from the SSI Stewardship Review. For fiscal years 2011-2016, the stewardship review identified 22 foreign pension-related O/Ps, projecting to 26,970 O/Ps and \$72.4 million in O/Ps across the entire SSI population. Most of these O/Ps resulted from recipients or payees failing to report increases in their existing pensions. Only 6 of the 22 O/Ps involved undisclosed pensions, where the recipient failed to report the foreign pension income. The SSI Stewardship Review does not record information on potential entitlement to foreign pensions.⁵ Refer to [Appendix A](#) for more information.

Sample and Exclusions

We randomly sampled 450 SSI recipients with the following criteria shown on the Supplemental Security Record (SSR):

- Aged 65 years or older;
- A U.S. citizen born outside the United States or an alien lawfully admitted to the United States; and
- No receipt of pension income.

We excluded 77 cases (17 percent). Of these, we excluded 48 due to inability to locate or contact the recipients because they did not respond to our notices or phone calls. We excluded 20 cases for failure to cooperate. Failure to cooperate means that the recipient initially acknowledged our notices or phone calls, but did not respond to the interview appointment.

¹ The [Internal Revenue Service](#) requires U.S. citizens and resident aliens to report foreign income and financial accounts. SSA does not have an interface with the IRS that reports foreign income or financial accounts.

² SSA OIG, [Supplemental Security Income Recipients Eligible for, or Receiving Russian Pensions \(A-01-12-21238\)](#), December 2012.

³ SSA OIG, [Supplemental Security Income Recipients Eligible for, or Receiving Pensions from China A-01-16-50011](#), June 2016.

⁴ Stewardship data is weighted. A weight represents the relationship between a sample and all cases in the population being studied. It allows us to project our findings to the entire population.

⁵ [QR 06050.090](#) and [QR 08030.100.D](#) explains how unearned income and foreign pensions are recorded.

Table 1 below shows the total number of excluded cases by reason for exclusion. The total percentage does not equal 100 due to rounding.

Table 1: Excluded Case by Reason

| Exclusion Reason | Cases Excluded | Percent |
|-----------------------------|----------------|------------|
| Unable to Contact or Locate | 48 | 62 |
| Failed to Cooperate | 20 | 26 |
| Deceased | 5 | 6 |
| Other | 3 | 4 |
| Unable to Identify | 1 | 1 |
| Total | 77 | 100 |

Methodology

Between February and April 2016, reviewers interviewed the sampled individuals by phone and collected information regarding their work history in a foreign country and eligibility to foreign pensions. We also collected the same information for their spouses or former spouses (if any). We documented whether the recipient was receiving a foreign pension or was eligible for a foreign pension based on work and non-work. We requested bank statements from the recipient and conducted an electronic financial account verification on recipients who appeared to be eligible for pensions. We sent an SSA-93 Quality Review Feedback form to the FO to report payment errors and informational items, and to request further development on potential eligibility cases.

Before the interview, we reviewed the Numident⁶ to determine the age at which the recipient first received his or her Social Security number. We also noted his or her country of origin. We researched the qualifying requirements for pensions on the [Social Security Programs Throughout the World](#) (SSPTW) website and reviewed Program Operations Manual System (POMS) [RS 02610.015](#).

Findings

We found unreported foreign pensions in 8 of the 373 cases. Seven of the 8 error cases involved O/Ps, which yielded a case error rate of 1.9 percent. One case had no payment effect because the amount of the spouse's foreign pension was not high enough for deeming⁷ to apply.

Pensions Found

For each of the eight cases, we converted⁸ the monthly pension amount to equivalent U.S. dollars. We used an electronic computation (eComputations)⁹ to determine the sample month (SM) O/P error. We applied existing income and living arrangements shown on the SSR. The

⁶ The Numident is a query display of the information taken from an individual's application for an original Social Security number and subsequent applications for replacement Social Security cards.

⁷ [SI 01320.001](#) explains deeming of income.

⁸ We used [OANDA](#) Currency Converter. Refer to [SI 00830.105](#).

⁹ SSI eComputations is a web-based application designed to assist users in computing correct manual payments.

average monthly O/P in the SM was \$83.95 per error case. Half of these recipients received their first pension payment before they applied for SSI. The remaining recipients received their first pension payment between redeterminations (RZ).

Table 2 below shows the country, monthly payment, SM O/P, and status of the SSI claim when the recipient first received the pension.

Table 2: Pensions Found by Country and Error Amounts

| Country | Monthly Pension (Dollars) | O/P in Sample Month (Dollars) | Status of Claim When Recipient First Received Pension |
|--------------------|---------------------------|-------------------------------|---|
| China | 12.48 | 12.48 | Before application date |
| Dominican Republic | 264.34 | 264.34 | Before application date |
| Dominican Republic | 175.29 | 0.00* | Before application date |
| Dominican Republic | 109.18 | 109.18 | After last RZ |
| El Salvador | 23.08 | 23.08 | After last RZ |
| Israel | 200.00 | 180.00 | Before last RZ |
| Philippines | 63.49 | 63.49 | Before application date |
| Philippines | 39.04 | 19.04 | Before last RZ |
| Total | 886.90 | 671.61 | |
| Average | 110.86 | 83.95 | |

*There is no dollar error in the SM because this pension belongs to the spouse and deeming did not affect payment.

Potential Eligibility

We identified 91 cases involving 35 countries in which recipients were potentially eligible for foreign pensions. We found that 20 percent of the cases involved pensions from Mexico and 11 percent involved pensions from China. We referred the cases to FOs via an SSA-93 Quality Review Feedback form. As of October 2017, FOs had discovered that in 7 of the 91 cases, the recipient or deemor was receiving a foreign pension, totaling \$34,217.60 in O/Ps. The FOs determined 56 cases were not eligible for foreign pensions. In five cases, recipients filed for foreign pensions, but their eligibility decisions were pending at the time of this report.

Table 3 below shows FO development of the 91 cases we referred for foreign pension eligibility. Refer to [Appendix B](#) for the number of cases with potential eligibility to foreign pensions by country.

Table 3: FO Case Development of Potential Eligibility Cases

| FO Development | Number of Cases | Percent |
|---|-----------------|------------|
| Recipient not eligible for a foreign pension | 56 | 62 |
| Recipient has not provided proof of filing since FO request | 21 | 23 |
| Recipient filed for pension and application is pending | 5 | 5 |
| Recipient receiving a foreign pension | 7 | 8 |
| Recipient deceased | 2 | 2 |
| Total | 91 | 100 |

Table 4 below shows a breakdown of the seven cases listed in Table 3, where the FO discovered the recipients were receiving foreign pensions.

Table 4: Foreign Pensions Discovered in Potential Eligibility Cases

| Case | Dollars Overpaid | Number of Months Overpaid | Country | Status of Claim When Recipient First Received Pension |
|----------------|------------------|---------------------------|-------------|---|
| 1 | 19,516.38 | 80 | China | After last RZ |
| 2 | 9,332.57 | 24 | Poland | After last RZ |
| 3 | 2,597.76 | 24 | Mexico | Before last RZ |
| 4 | 1,615.33* | 24 | Moldova | Before last RZ |
| 5 | 770.10* | 4 | Mexico | Before last RZ |
| 6 | 247.44 | 3 | Philippines | After last RZ |
| 7 | 138.02 | 3 | Philippines | After last RZ |
| Total | 34,217.60 | 161 | | |
| Average | 4,888.23 | 23 | | |

*The overpaid amount for cases 4 and 5 are due to other factors in addition to foreign pension income.

Conclusion

We found that SSI recipients who may be eligible for foreign pensions from their countries of origin were often not aware of that fact.

The number of foreign pensions found as a result of our review increased from 8 to 15 cases after the FOs developed the cases we referred to them. We provided the FOs with [SSPTW](#) information and foreign pension contact information. We believe that making this information readily available to technicians helped them develop foreign pensions.

Our recommendations below focus on providing SSI technicians easy access to foreign pension development information, thus shortening development time and reducing improper payments.

Recommendations

During an interview, it takes time to determine if the recipient and spouse are eligible for a foreign pension. Many recipients are not aware of their potential eligibility and qualifying conditions to receive pensions from their countries of origin. SSI technicians have to inquire about their foreign employment and research the [SSPTW](#) website for pension requirements. Technicians also have to determine if an agreement exists to pay pensions to individuals who live in the United States. Finally, technicians often need to provide contact information when asking recipients to inquire about their foreign pension eligibility. To help technicians develop foreign pensions, we recommend the following:

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- If the recipient or spouse does not receive a foreign pension, look for the qualifying conditions to receive a pension on the [SSPTW](#) website. If it appears the recipient or spouse is potentially eligible, provide them with the social insurance agency or consulate contact information from the International Programs, Social Security in Other Countries website at <https://www.ssa.gov/international/links.html>, or the [Key Officers of Foreign Service Posts](#) available on the [U.S. Department of State's](#) website. SSA should not contact any foreign consulates or agencies on behalf of applicants or recipients.”

Appendix A: Supplemental Security Income (SSI) Stewardship Review Findings on Foreign Pension Overpayments

Stewardship Review findings are important because they represent the extent of a problem for the entire population.¹ Table 1 below displays fiscal years (FY) 2011-2016 total and average SSI Stewardship findings of foreign pension overpayments (O/P) and projected O/P dollars. Most of the O/Ps resulted from recipients or payees not reporting increases in their existing pensions.

Table 1: FY 2011-2016 Stewardship Findings for Foreign Pensions

| FY | O/Ps Found | Projected O/Ps | Projected O/P Dollars (Millions) |
|----------------|------------|----------------|----------------------------------|
| 2011 | 5 | 4,956 | 13,054,495 |
| 2012 | 3 | 3,064 | 6,836,912 |
| 2013 | 7 | 6,460 | 4,081,578 |
| 2014 | 5 | 8,621 | 29,563,662 |
| 2015 | 1 | 2,439 | 7,779,526 |
| 2016 | 1 | 1,430 | 11,107,520 |
| Total | 22 | 26,970 | 72,423,693 |
| Average | 4 | 4,495 | 12,070,615 |

Table 2 below represents a dissection of the six-year total and average SSI Stewardship findings shown above, excluding projections. Of the 22 O/Ps found, 6 resulted from recipients not reporting that they receive foreign pensions. These pensions came from China, India, Italy, Philippines, and Ukraine. There were no undisclosed foreign pensions in FYs 2012, 2015, or 2016.

Table 2: FY 2011-2016 Stewardship Findings of Undisclosed Foreign Pensions

| FY | O/Ps Found | O/P Dollars |
|----------------|------------|-----------------|
| 2011 | 1 | 674.00 |
| 2013 | 2 | 240.02 |
| 2014 | 3 | 1,164.44 |
| Total | 6 | 2,078.46 |
| Average | 2 | 692.82 |

¹ Stewardship data is weighted. A weight represents the relationship between a sample and all cases in the population being studied. It allows us to project our findings to the entire population.

Appendix B: Potential Eligibility to Foreign Pensions by Country

Table 3 below provides the number of potential eligibility cases for each country. The total percent does not equal 100 due to rounding.

Table 3: Potential Eligibility Cases by Country

| Country | Number of Cases | Percent |
|------------------------|-----------------|------------|
| Mexico | 18 | 20 |
| China | 10 | 11 |
| Vietnam | 9 | 10 |
| Philippines | 7 | 8 |
| Dominican Republic | 4 | 4 |
| Hong Kong | 4 | 4 |
| South Korea | 4 | 4 |
| Columbia | 3 | 3 |
| Haiti | 2 | 2 |
| India | 2 | 2 |
| Jamaica | 2 | 2 |
| Peru | 2 | 2 |
| Ukraine | 2 | 2 |
| Albania | 1 | 1 |
| Bosnia and Herzegovina | 1 | 1 |
| British Virgin Islands | 1 | 1 |
| Cuba | 1 | 1 |
| Ecuador | 1 | 1 |
| Egypt | 1 | 1 |
| El Salvador | 1 | 1 |
| France | 1 | 1 |
| Grenada | 1 | 1 |
| Guatemala | 1 | 1 |
| Guyana | 1 | 1 |
| Iran | 1 | 1 |
| Lebanon | 1 | 1 |
| Moldova | 1 | 1 |
| Morocco | 1 | 1 |
| Pakistan | 1 | 1 |
| Poland | 1 | 1 |
| Russia | 1 | 1 |
| Sierra Leone | 1 | 1 |
| Taiwan | 1 | 1 |
| Thailand | 1 | 1 |
| Trinidad and Tobago | 1 | 1 |
| Total | 91 | 100 |