

## Some Seniors Are Being Shortchanged by Social Security Because of Government Ineptitude

June 13, 2022 By [Brenton Smith](#)

Social Security has a quirk that is shortchanging a select group of seniors more than \$25,000 in lifetime benefits. While that might sound like a lot of money, the actual price tag paid by those seniors will only grow as the fall-out from COVID-19 pushes more beneficiaries into the quirk.

This should sound like a big problem that is only getting bigger. Not so if you work in Washington, DC. As it is, the story tells you a lot about the effectiveness of government.

You might think that sum alone would present a problem, and you would be wrong. You might think that senior advocates would be bringing to bear their wealth of PAC resources on behalf of their members, and you would be wrong. You would think that Congress would have called experts to testify and sent policy wonks to a closed room until the problem was solved, and you would be wrong.

Congress is not working on the quirk, and lawmakers may not even be aware of it.

For a bit of background, the issue was identified by the Office of the Inspector General (OIG), which found in an audit that the Social Security Administration (SSA) failed to explain the quirk sufficiently to seniors. The Social Security Administration thanked the OIG for the report and assured investigators would allow affected seniors to address the quirk, and do a better job of informing future retirees.

For the sake of discussion, let's call the decision to shortchange seniors, living on a fixed income more than \$25,000, a problem.

Specifically, the calculation of Government Pension Offset (GPO) generates an adjustment that is completely inconsistent with the stated objective of the GPO for beneficiaries claiming benefits before normal retirement age. Effectively, people subject to the GPO do not have the equal right to collect benefits prior to normal retirement age.

Here is the "problem." The benefits formula of Social Security calculates the GPO without regard to claiming date. Meaning the GPO offset is a lot larger than it should be for people who claim benefits prior to full retirement age. In fact, some people who claim benefits early never collect a penny of what is rightfully theirs – more than 20,000 seniors according to the audit.

Keep in mind, the intent of the GPO is to provide equity. The calculation is off by the cost of a new car. If Congress is aware of it, I can't find any effort to fix the problem.

Let's put a human face on this "problem." Imagine a 60-year-old teacher married to an excitable Packers fan whose displeasure with the team's fourth round draft pick leads to an untimely heart attack. The teacher needs cash for the crisis, and files for Social Security benefits as a widow – pretty much like everyone else. This mistake means that she might not collect a penny of the benefits to which she is entitled.

In response to the situation, the government has two choices. It could fix the GPO calculation. Or on the other end of the spectrum of common sense, the agency administering the benefit checks could blame the grieving widow for making an uninformed decision.

What would it take to fix the problem?

Here is the equation for the GPO.

GPO Offset = (benefit at full retirement) \* 2/3.

Here is the corrected equation.

GPO Offset = (benefit at full retirement) \* (2/3\*early retirement discount).

The government's response has taken a different form. The SSA's response suggests that the GPO isn't a problem or a quirk. It is the "will of the people," and the agency needs to give those claiming benefits more information. Essentially, the grieving widow is at fault. So, it is better to warn people about a problem than to fix it.

To illustrate that strategy to average people; if a road has a pothole that eats cars whole, the government could:

- fill in the pothole or;
- issue an advisory to drivers to exercise caution when driving.

In one case, the government fixes the problem. In the other case, it explains to drivers that the pothole is a danger. In the case of the GPO, the SSA is offering to advise seniors about a feature of the program.

On the surface, the audit appears to understate the problem. The SSA's response appears less than effective, leaving seniors to clean-up a mess that should never have occurred in the first place.

There is a lot here to learn about government effectiveness, or lack thereof. The GPO is nearly 50 years old, and this feature of the program dates back to inception, and has been shortchanging seniors ever since. If there is any oversight of GPO, I can't find it. The only reason that the government identified the feature is due to the efforts of a whistleblower.

Government, in the best of all worlds, is supposed to protect us from the quirks that life throws at us. In this case, it is the creator and "protector."

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