

# Old-Age, Survivors, and Disability Insurance: Benefit Payments to Persons Living Abroad\*

*In administering benefit payments under the old-age, survivors, and disability insurance program to beneficiaries who live in other countries, the Social Security Administration has been faced with certain questions. Are these beneficiaries reporting all events that would lead to the termination or suspension of their benefits? What steps should be taken to promote prompt and accurate reporting? What assurances can be obtained that eligibility requirements are being met? The processes developed in answer to these questions are reported in the following pages.*

**E**ACH month more than 67,000 benefit checks are certified by the Bureau of Old-Age and Survivors Insurance of the Social Security Administration to beneficiaries living outside the United States. A substantial number of these beneficiaries are citizens of the United States, and many of them are living abroad only temporarily. Whatever the situation, eligibility for old-age, survivors, and disability insurance benefits can be affected by the employment or self-employment of a beneficiary, for example, or by the prolonged absence of an alien beneficiary from the United States or by failure of a mother beneficiary to have a child of the deceased insured worker in her care. Such changes in the beneficiary's status as death, marriage, remarriage, divorce, and adoption automatically terminate certain monthly benefits.

Under the Social Security Act, each beneficiary is required to report to the Social Security Administration when any event occurs that affects his right to benefit payments. At the time the benefit is awarded, the beneficiary is furnished with instructions indicating the events he must report; he is also given a form to be used in making the required reports. As a general rule, beneficiaries comply with the reporting obligations, and their benefits are paid on the basis of the reports that they make.

Any beneficiary of old-age, survivors, and disability insurance who goes abroad can obtain information on his reporting obligations and assistance in carrying them out from any of the foreign service posts of the Department of State. These posts keep in touch with beneficiaries in their areas and maintain checks on their continuing eligibility for the benefit payments. They also provide special safeguards to ensure proper

delivery of the benefit checks; in many instances, the arrangement is for the beneficiary to call in person at the service post for his check.

In addition, the Bureau of Old-Age and Survivors Insurance carries out a systematic program designed to enforce beneficiary compliance with the reporting obligations, to determine the degree of accuracy of the beneficiary reports, and to satisfy itself that the benefit checks being mailed to persons outside the United States are correct. For this purpose, each foreign beneficiary is required to complete a questionnaire certifying to the existence or nonexistence of any disqualifying event.

To obtain additional assurance that the benefit payments mailed abroad are being properly made, Bureau representatives have been sent to several countries where there appeared to be some possibility of problems re-

**Table 1.—Questionnaires mailed and returned and beneficiaries subject to benefit deduction because of work, by beneficiaries' place of residence, 1956 foreign survey**

Beneficiaries' place of residence	Number of basic questionnaires	Number of supplemental questionnaires <sup>1</sup>	Beneficiaries subject to benefit deductions because of work	
			Total	Number first reporting work, 1956 questionnaire
Total.....	48,246	2,740	1,202	295
Africa.....	102	15	8	1
Asia.....	2,521	126	51	5
Australia and New Zealand.....	179	22	11	2
Canada.....	7,213	837	454	148
Central America and West Indies.....	889	77	32	6
Europe.....	32,476	1,500	569	111
France.....	510	53	24	2
Germany.....	1,995	215	71	12
Greece.....	4,676	168	44	3
Ireland.....	1,382	87	27	6
Italy.....	13,118	284	83	11
Norway.....	1,261	110	52	23
Portugal.....	1,259	27	13	3
Spain.....	1,086	55	29	4
Sweden.....	1,443	97	49	12
United Kingdom.....	2,462	244	114	26
Other <sup>2</sup> .....	3,284	160	63	9
Mexico.....	1,167	84	47	14
Philippine Islands.....	3,311	50	13	5
South America.....	319	22	13	2
United States possessions.....	69	7	4	1

<sup>1</sup> Covering work during period from January 1955 through date of completion of questionnaire (May-December 1956).

<sup>2</sup> Includes data for Yugoslavia (1,536 basic ques-

tionnaires were mailed, and 97.3 percent of them returned; 1 supplemental questionnaire was completed).

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lating to the payments or where there was a concentration of beneficiaries. Bureau representatives have visited United States consular offices located in Greece, Hong Kong, Italy, Japan, the Philippine Islands, and Poland. There they interviewed a number of foreign beneficiaries and discussed problems relating to their benefit payments. These visits supplemented the regular and recurring foreign enforcement operations, which involve obtaining completed questionnaires from the beneficiaries.

### *Recent Legislation*

Before 1955, earnings that were not covered for old-age and survivors insurance benefit and tax purposes could not affect a beneficiary's right to benefit payments.<sup>1</sup> As a result of the 1954 amendments to the Social Security Act, however, the right of a beneficiary who lives abroad to payments for months after December 1954 can be affected by either covered or noncovered work. The work may be performed as an employee or as a self-employed person carrying on a trade, business, or profession.

There are two separate retirement tests applicable to beneficiaries who work outside the United States. Those who work in covered employment or self-employment are subject to the same annual earnings test that is applied to all beneficiaries who work within the United States. Under this test, if a beneficiary has total earnings of \$1,200 or less in any 12-month taxable year, he is considered retired during each month of that year and receives his benefit for each month. If his total earnings in the full year exceed \$1,200, then for each \$80 (or fraction of \$80) of annual earnings in excess of the \$1,200 exemption, 1 month's benefit may be withheld. Benefits are withheld under this formula only for calendar months throughout which the beneficiary was under age 72 and during which he either worked as an employee for more than \$80 or rendered substantial services as a self-employed person.

<sup>1</sup> Enforcement operations similar to those currently being conducted were performed, however, before 1955, to verify continuing eligibility under the law then applicable. Eligibility involved such matters as death, marriage, and adoption.

A separate retirement test is applicable when the employment or self-employment is not covered under the old-age, survivors, and disability insurance program. Beginning January 1, 1955, a beneficiary who engages in noncovered work outside the United States on any part of 7 or more calendar days of a month before the month he becomes age 72 loses his benefit payment for that month. This withholding of benefits is not affected by the amount of earnings from the noncovered work or the number of hours worked.

Thus, whenever an individual under age 72 works outside the United States his eligibility for benefits is subject to one retirement test or the other, depending on whether or not his work is covered for old-age, survivors, and disability insurance benefit and tax purposes.

In 1954, Congress also amended the Social Security Act to prohibit payment of benefits to individuals who are deported from the United States under specified circumstances.<sup>2</sup> The 1956 amendments imposed another condition that affects beneficiaries outside the United States—the prohibition of the payment of benefits to certain aliens who have resided outside the United States continuously for 6 months or more.<sup>3</sup>

<sup>2</sup> In general, section 202(n) of the act prohibits payment of benefits to persons deported under designated paragraphs of section 241(a) of the Immigration and Nationality Act because of illegal entry, conviction of a crime, subversive activity, and the like.

<sup>3</sup> Section 202(t) of the act prohibits payments after December 1956 to beneficiaries who are not citizens or nationals of the United States after they have been outside the United States for 6 consecutive calendar months. This prohibition does not affect the benefits, however, if (1) the beneficiary met eligibility requirements for benefits as of December 1956, (2) the person on whose earnings the benefit is based had lived in the United States at least 10 years or had acquired at least 40 quarters of coverage, (3) the withholding of benefits would be contrary to a treaty between the United States and the country of which the beneficiary is a citizen, (4) the beneficiary is a citizen or national of a country that has in effect a social insurance or pension system of general application, which pays periodic old-age, retirement, or death benefits to citizens of the United States outside that country, or (5) the beneficiary's absence is the result of active duty in the Armed Forces of the United States.

### *Enforcement Efforts, 1955*

Late in 1954, each beneficiary abroad was notified of the change in the Social Security Act that required him to report to the Social Security Administration if he engaged in noncovered work on 7 or more days of any calendar month. Many beneficiaries responded with the necessary reports. Even so, it was realized that foreign beneficiaries living abroad, some of whom had been on the rolls for a number of years, might not understand the obligation to report or, even if they understood, might not be capable of fulfilling the obligation. There was thus a clear need to verify the propriety of benefit payments being made to persons outside the country.

The problem was twofold. It was necessary to find a means, first, of ensuring that the thousands of beneficiaries living outside the United States understood the new requirements and, second, of obtaining correct reports from them regarding any occurrences that could affect their payments. It was believed that the most practicable method would be insistence upon a report from each beneficiary, attested to with formality under the local law.

Early in 1955 the Bureau mailed questionnaires to each of the 42,875 beneficiaries then residing outside the country. The questionnaires asked for information about the performance of any work during the period from January 1, 1955, to the date of signing—in the early summer of that year. Questions were also included relating to the occurrence at any time in the past of events that terminate benefits. If a completed questionnaire was not returned by July 10, 1955, payment was stopped until one was received. The requirement that every beneficiary complete a questionnaire and have his signature attested by a local official of the country in which he was living or by a foreign service officer of the United States gave reasonable assurance that the beneficiaries were aware of the necessity of reporting and that any event that might have made the payments improper was known.

Although surveys of the eligibility of foreign beneficiaries had been made in previous years, the 1955 for-

foreign enforcement program was the first experience with enforcing the law as it had been amended in 1954. Data collected through the questionnaires showed that 354 beneficiaries had failed to make timely reports of work that disqualified them from receiving benefit payments. In addition to the monetary saving that resulted from the necessary adjustments with respect to these beneficiaries, the 1955 enforcement effort gave the Bureau invaluable experience in enforcing eligibility requirements in an area of claims where enforcement presents special problems.

### *Enforcement Efforts, 1956*

The 1956 foreign enforcement program is the most recent; another will be started in the fall of 1958. Data gathered in connection with the 1956 enforcement effort give a fairly clear picture of the Nation's old-age, survivors, and disability insurance program as it operates abroad. The period covered was from January 1, 1955, through the date of completion of the questionnaire. (Completion dates ran from May to December 1956, but most beneficiaries had completed their questionnaires by June 1956.) All 48,246 beneficiaries who were living outside the United States as of April 1956 were reached (table 1). The information collected showed that 368 beneficiaries had failed to make the required reports, 73 had failed to report events that terminated their entitlement to benefits, and 295 had not made a timely report of the work that disqualified them from benefit payments for certain months.

*Survey method.*—To keep the questionnaires as simple as possible, two forms were used for conducting the 1956 foreign enforcement program. The first was a basic questionnaire, to be completed by all beneficiaries living outside the United States, and the second was a supplement, for completion only by those who stated on the basic questionnaire that they had done some work.

The basic questionnaire asked for information relating to the occurrence of any event that would terminate benefits (such as marriage, remarriage, divorce, or adoption). It also questioned whether a mother had a child of the insured individual in her care each month and whether the

individuals who were receiving benefit payments on behalf of a child or an incompetent adult were properly using the payments for the welfare of the beneficiary. The basic form asked, in addition, if the beneficiary had done any work during 1955 or 1956. The persons completing the questionnaires were instructed to have their signatures certified by any of seven different types of responsible local officials or by a foreign service officer of the United States.

The questionnaire was printed in eight languages and thus came to many of the beneficiaries in their native language. In this way there was reasonable assurance that the beneficiaries understood what was requested of them and that the necessary events were reported correctly.

Questionnaires to beneficiaries in the United States possessions of Guam, American Samoa, Midway, the Panama Canal Zone, and Wake were sent by the Bureau's six payment centers direct to the beneficiaries. All other questionnaires were addressed by the payment centers and sent to foreign service posts of the State Department for mailing. The foreign service posts were thus put in a position to maintain controls that ensured proper completion of the individual questionnaires, to withhold benefit checks of beneficiaries who failed to complete a questionnaire on time, and to otherwise carry out their part of the operation.

If a beneficiary indicated on the basic questionnaire that he had worked during 1955 or 1956, he was mailed a supplemental questionnaire, printed in English only. In this second questionnaire, he was asked for detailed information, necessary to show whether the work in question was covered or noncovered and whether or not it was sufficient to require the withholding of payments for certain months. By using a separate questionnaire for the 2,740 beneficiaries who worked, the basic questionnaires were kept much shorter and simpler—and thus much easier to understand and complete—for the 45,506 who reported no work on the basic questionnaire. Signatures on the supplemental questionnaires were certified to in the same manner as were those on the basic questionnaires.

*Cooperation by the State Department.*—The Department of State played a vital role in carrying out the foreign enforcement survey. It supplied invaluable assistance in the planning and timing of the entire operation. Typical of other assistance the Department extended was the help it gave in arranging for translations of the enforcement questionnaires into several languages. It not only helped in determining the countries where the various foreign languages were understood but also arranged for translations to be made by the service posts situated in the particular countries. In this way, the Bureau gained additional assurance that the translations were written in a style readily understood in the foreign countries involved.

The Bureau payment centers and the State Department's foreign service posts worked as a team in carrying out the tremendous job of securing completed questionnaires from all beneficiaries living abroad. In carrying out their part of the operation, the foreign service posts distributed the pre-addressed questionnaires to the beneficiaries in their areas, assisted those who needed help in completing the questionnaires, examined replies for completeness, secured supplemental questionnaires when the beneficiary indicated he had worked, and returned the completed forms to the Social Security Administration. In addition, the foreign service posts maintained controls to ensure that replies were received and undertook investigations to determine why some questionnaires were not returned. At the same time, the Bureau payment centers maintained controls on all outstanding questionnaires and adjusted their records to correspond with the information furnished on the returned questionnaires. If a completed questionnaire had not been returned by October 1956, benefit payments were stopped and the beneficiary was notified by letter that his benefits would be discontinued until the completed form was returned.

*Scope of the survey.*—In April 1956, basic questionnaires were sent to each of the 48,246 beneficiaries then residing outside the United States. Of these, 32,476 were in Europe, with 13,118 in Italy, 4,676 in Greece, 2,462 in the United Kingdom, and 1,995 in

**Table 2.—Beneficiaries completing supplemental questionnaires and indicating work in survey period,<sup>1</sup> by type of work and citizenship status and by place of residence, 1956 foreign survey**

Beneficiaries' place of residence	Type of work			Citizenship	
	Total	Em-ployed	Self-em-ployed	U.S. citizen	Alien
Total.....	2,605	2,251	354	1,407	1,198
Africa.....	16	14	2	13	3
Asia.....	124	106	18	35	89
Australia and New Zealand.....	21	18	3	8	13
Canada.....	803	685	118	311	492
Central America and West Indies.....	76	67	9	51	25
Europe.....	1,417	1,245	172	918	499
France.....	55	46	9	23	32
Germany.....	202	182	20	128	74
Greece.....	163	134	29	126	37
Ireland.....	84	70	14	69	15
Italy.....	238	217	21	184	54
Norway.....	106	86	20	58	48
Portugal.....	27	25	2	16	11
Spain.....	57	54	3	39	18
Sweden.....	91	83	8	56	35
United Kingdom.....	230	214	16	110	120
Other.....	164	134	30	109	55
Mexico.....	88	69	19	48	40
Philippine Islands.....	33	24	9	2	31
South America.....	20	16	4	14	6
U.S. possessions.....	7	7	0	7	0

<sup>1</sup> Work in 7 or more days in 1 or more months during 1955-56; includes cases subject to annual earnings test.

Germany. Among the non-European countries, most of the beneficiaries were in Canada (7,213), the Philippine Islands (3,311), and Mexico (1,167). A total of 2,521 beneficiaries were living in Asia.

Each beneficiary received a basic questionnaire in the English language, and 35,402 beneficiaries also received duplicate basic questionnaires printed in a foreign language (Italian, 13,119; French, 7,758<sup>4</sup>; Spanish, 6,177; Greek, 4,676; German, 2,278; Portuguese, 1,322; Turkish, 72). Forty-five percent of the beneficiaries who were mailed foreign language questionnaires chose to complete the foreign questionnaire in preference to the accompanying English form. The percentages varied from country to country.

The response to the questionnaires was surprisingly good. Eighty-nine percent of the questionnaires mailed in April 1956 had been completed and

<sup>4</sup> Most of the French questionnaires were sent to Canada because of its bilingual character. The majority of the questionnaires from beneficiaries living in Canada were, however, completed in English.

returned to the Bureau payment centers by July 1956; substantially all the questionnaires (99 percent) had been returned by November 1956.

**Results of 1956 enforcement operation.**—The following information was yielded by the questionnaires. Of all beneficiaries outside the United States, 2,740 had engaged in work of some kind during 1955 or 1956. Of the 2,605 beneficiaries with work on 7 or more days of any 1 month, 2,251 worked as employees for wages and 354 were engaged only in self-employment (table 2). There was no loss of benefit payments in 1,403 cases, either because the beneficiary was aged 72 or over or because the work was not substantial enough under the retirement test to require loss of benefits.

A total of 1,202 of the beneficiaries who executed questionnaires were ineligible for benefit payments for 1 or more months of 1955 or 1956 because of their work. Seventy-five percent of this group had already made reports of their work at the proper time. Thus, the questionnaires disclosed work-reporting violations for only 295 beneficiaries. There were, then, 2.5 percent of all beneficiaries outside the country who were ineligible to receive benefit payments for certain months because of work—1.9 percent had reported their work voluntarily, and the survey disclosed an additional 0.6 percent who were ineligible because of work that had not been previously reported.

**Table 3.—Benefit suspensions based on work first disclosed in questionnaire, by beneficiaries' place of residence and by type of earnings test, 1956 foreign survey**

Beneficiaries' place of residence	Total	7-day test		Annual earnings test	
		Total	Old-age beneficiary (retired worker) only	Total	Old-age beneficiary (retired worker) only
Total.....	295	241	147	54	50
Canada.....	148	137	77	11	8
United Kingdom.....	26	26	16	0	0
Norway.....	23	13	11	10	10
Other European countries.....	62	33	22	20	29
All other.....	36	32	21	4	3

**Table 4.—Beneficiaries with work in 1955 and/or 1956, as disclosed in questionnaires, by type of benefit, 1956 foreign survey**

Type of benefit	Total number of questionnaires	Number of beneficiaries reporting work			
		Total	In 1955 only	In 1956 only	In 1955 and 1956
Total.....	48,246	2,814	1,838	120	856
Old-age.....	29,349	2,424	1,740	65	619
Wife's or husband's.....	7,398	36	12	6	18
Child's.....	4,012	87	18	26	43
Widow's or widower's.....	4,695	51	20	4	27
Mother's.....	2,427	211	45	17	149
Parent's.....	365	5	3	2	0

Of the 295 work-reporting violations, 148 were in Canada and 111 were concentrated in the European countries. In other areas, work-reporting violations were scattered, with 14 reporting violations discovered in Mexico, six in Central America and the West Indies, five in Asia, and five in the Philippine Islands (table 1).

Of the 295 beneficiaries who failed to report their work before executing the enforcement questionnaire, 241 had derived only earnings that were not covered for social insurance benefit or tax purposes, and accordingly they were subject to the 7-day work test (table 3). The remaining 54 had earnings in covered work, and they were found ineligible for benefit payments under the \$1,200 annual earnings test. The total amount of such overpayments disclosed by the 1956 enforcement operation has been estimated at more than \$100,000.

Of the 48,246 questionnaires, about 87 percent went to aged beneficiaries. Retired-worker beneficiaries made up considerably more than half (29,349) of the group receiving questionnaires, and 4,012 or 8 percent were sent to child beneficiaries (table 4).

The 1956 enforcement program also disclosed the deaths of 66 beneficiaries that had not previously been reported (table 5). The highest concentration of unreported deaths was in Italy, where 39 deaths had not been reported before the return of the enforcement questionnaire. Although the program disclosed 66 deaths not previously reported, it did not reveal any problems relating to

the negotiation of checks issued for and after months of death; checks issued for and after the months of death had been returned uncashed.

The questionnaires disclosed seven other events terminating benefits. The benefits of five children were terminated as a result of marriages, and two widows' benefits were terminated because of remarriage.

The 1956 enforcement operation revealed an additional 40 beneficiaries who either were not or eventually might not be eligible to benefit payments for certain months. Five beneficiaries entitled to mothers' benefits were ineligible to receive benefit payments because they did not have a child of the insured person in their care; payments to 19 individuals receiving benefits on behalf of a child or an incompetent adult were suspended until guardianship problems could be resolved, and payments to 16 beneficiaries were suspended for other reasons, including failure to furnish requested information.

### Bureau Missions to Foreign Countries

In June 1957, Treasury Department restrictions on United States payments to individuals residing in Poland were lifted.<sup>5</sup> At that time, there were some 317 beneficiary families in Poland whose benefit payments had been withheld for periods ranging up to 7 years. To verify the fact that these beneficiaries were alive and that no events affecting their eligibility for monthly benefits had taken place, the Bureau dispatched representatives to that country in October 1957. The representatives, working with officials of the State Department, conducted an in-

<sup>5</sup> The Treasury Department imposes restrictions on the delivery of checks to residents of certain countries where internal conditions make it seem unlikely the recipient would receive the full value of the payment. As a result of several measures undertaken by the United States Government to broaden commercial and financial relations with Poland, the restriction imposed in late 1950 on delivery of checks to Polish residents was removed in June 1957.

tensive program for verification of eligibility requirements and made arrangements to facilitate proper reinstatement of monthly benefits to the Polish beneficiaries. The results show, to date, that about 90 percent of the families have some payments coming to them.

The Philippine Islands has a fairly large concentration of beneficiaries. For this reason, and also because various Federal agencies have had some

Table 5.—Unreported events terminating benefits, as disclosed in questionnaires,<sup>1</sup> by type of event and type of benefit, 1956 foreign survey

Type of benefit	Total	Death	Marriage or re-marriage
Total.....	73	266	27
Old-age.....	46	46	0
Wife's or husband's.....	11	11	0
Child's.....	5	0	5
Widow's or widower's.....	8	8	0
Mother's.....	2	0	2
Parent's.....	1	1	0

<sup>1</sup> Received through Nov. 30, 1956.

<sup>2</sup> For about 60 percent of the cases, checks could not be discontinued until 3-4 months after the death.

<sup>3</sup> Resulted in overpayments for an average of 6 months.

difficulty in administering their programs in the Philippines, Bureau representatives were sent to that country in early 1958 to determine, firsthand, the effectiveness of the insurance program. The representatives investigated a sample group of beneficiary families; conducted—at the source of the records—a special study of proofs of age, relationship, and marriage; and collected valuable information from official and other sources. All beneficiaries in the sample group were identified and accounted for. Available sources of reliable documentary evidence were compiled to obviate the need for accepting affidavits, established as being generally undependable in this area. It was found that economic conditions in the Philippine Islands make it unlikely that beneficiaries would work enough to affect their continuing eligibility to benefit

payments. Furthermore, the need for benefit payments to sustain the family and the custom of having children attain the best possible education militate against the likelihood of marriages by widows or their children, since benefits would then be terminated. In those instances where Manila banks had been selected as payees for children, it was found that this was a sound and efficient arrangement. The appraisal showed that, in general, the situation in the Philippines was not unfavorable, and it supplied a basis for improving program administration in certain respects.

### Conclusion

The enforcement operations of 1955 and 1956 proved effective devices for securing needed information from a substantial number of beneficiaries living outside the United States. The operations were smooth and uncomplicated, and they resulted in substantial savings. The program reached all beneficiaries living abroad, and it unquestionably played a significant part in making them better acquainted with their reporting responsibilities and with the importance placed on compliance with those responsibilities. The major enforcement operations have been supplemented by special visits and surveys in foreign countries as the need was indicated. It is expected that these surveys will continue to be made wherever conditions warrant them, as part of the effort to ensure a sound and efficient administration of the program abroad.

Obtaining detailed information from the thousands of foreign beneficiaries scattered in every corner of the world was more than an ordinary undertaking. The methods employed to date for accomplishing this task have proved effective. Experience gained from past enforcement operations, as well as information acquired by Bureau representatives in their visits to foreign countries, will prove valuable in making future foreign enforcement programs even more effective.