

Social Security Administration

COMMITTEE ON INTELLIGENCE

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United States Senate

Senator Tom Coburn, MD

COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS

COMMITTEE ON THE JUDICIARY

RANKING MEMBER
SUBCOMMITTEE ON THE CONSTITUTION

February 11, 2011

Via U.S. Mail and Electronic Mail

The Honorable Michael J. Astrue
Commissioner
United States Social Security Administration
6401 Security Boulevard
Baltimore, MD 21235

Dear Commissioner Astrue:

The United States Social Security Administration ("SSA") provides important financial benefits and programs to certain individuals. These programs include:

- Social Security Disability Insurance ("SSDI");
- Supplemental Security Income ("SSI");
- Social Security Retirement Benefits; and
- Social Security Survivors Benefits.

For each program listed above, please provide the following information for all individuals that received any payment from these programs during Fiscal Years 2007, 2008, 2009 and 2010, and who also had an adjusted gross income or resources excluded from countable resources of \$1,000,000 or greater: (1) unique identifier; (2) total adjusted gross income and value of excluded resources for the Fiscal Year in which the payment was made; (3) name of each program the recipient received benefits through; (4) amount of benefits received from each program; and (5) total amount of all program benefits received during each Fiscal Year. This information should be produced in an electronic usable format, such as Microsoft Excel.

All information requested above should be produced in an electronic usable format, such as Microsoft Excel. Please provide the above information by February 25, 2011. If you have any questions, including the format in which the information should be produced, please contact

Sincerely,



Tom Coburn, M.D.
United States Senator



SOCIAL SECURITY

Office of the Chief Actuary

March 15, 2011

The Honorable Tom Coburn, M.D.
United States Senate
Washington, D.C. 20510

Dear Senator Coburn:

Commissioner Michael Astrue asked me to reply on his behalf regarding your letter of February 11, 2011. In that letter, you requested information on individuals who receive Social Security (OASDI) or Supplemental Security Income (SSI) benefits and have income (or, in the case of SSI, excluded resources) of \$1,000,000 or more. I have spoken with _____ of your staff and have described to him what information of this type we have available. Due to restrictions on disclosure of personally identifiable information, we cannot provide data for individuals. However, we have compiled aggregated data in a coordinated interoffice effort with the help of SSA's Office of Systems.

Social Security (OASDI) Beneficiaries with Earnings of \$1,000,000 or More

First, we do not have complete data on adjusted gross income for individuals. You would have to contact the IRS for such data. However, as discussed with Andrew, we do have calendar year earned income data. SSA's Office of Systems provided our office with data on persons with earnings of \$1,000,000 or more in 2007, 2008, and 2009. Our office then matched these earnings data against the SSA Master Beneficiary Record (MBR) to identify which of these high earners received an OASDI benefit in January of each year 2007, 2008, and 2009. We do not yet have complete earnings data for 2010, and so could not produce the same analysis for that year.

For calendar year 2007, we identified about 5,800 individuals who received OASDI benefits in January and reported earnings of \$1,000,000 or more. About 59 percent of these individuals were age 70 or older during the year. Upon reaching age 70, workers can no longer earn delayed retirement credits for deferring receipt of benefits. Therefore, we would expect all eligible persons over age 70 to be receiving a benefit. An additional 39 percent of these individuals were ages 66 through 69 during the year. Since 2000, the Social Security retirement earnings test has not applied for individuals after they attain normal retirement age (currently age 66), so even very high earners can receive benefits at those ages. For the entire group of 5,800 individuals, the average monthly OASDI benefit for January 2007 was \$2,050, and the average amount of earnings for 2007 was about \$2.9 million.

For calendar year 2008, we identified about 5,500 individuals who received OASDI benefits in January and reported earnings of \$1,000,000 or more. About 63 percent of these individuals were age 70 or older during the year. For the entire group of 5,500 individuals, the average monthly OASDI benefit for January 2008 was \$2,135, and the average amount of earnings for 2008 was about \$2.8 million.

In calendar year 2009, the economic recession reached its low point, and we identified about 4,400 individuals who received OASDI benefits in January and reported earnings of \$1,000,000 or more. About 64 percent of these individuals were age 70 or older during the year. For the entire group of 4,400 individuals, the average monthly OASDI benefit for January 2009 was \$2,305, and the average amount of earnings for 2009 was about \$2.6 million.

The vast majority of these high earners receiving Social Security benefits were retired worker beneficiaries paid from the OASI Trust Fund. Very few individuals receiving only a spouse or surviving spouse benefit have very high earnings. An extremely small number of these high earners receiving Social Security benefits were below the normal retirement age, where the retirement earnings test applies. These individuals generally had earned income from one-time payments such as income from the exercise of stock options, rather than earnings from current employment.

Supplemental Security Income (SSI) Recipients with Excluded Resources of \$1,000,000 or More

Under the rules for the Supplemental Security Income (SSI) program, recipients may have no more than \$2,000 (\$3,000 for a couple) in countable resources—assets that can be converted to cash for use in the support and maintenance of the SSI recipient. However, certain assets are excluded in determining eligibility, including a home and assets held in certain kinds of trusts. Our office, assisted by SSA's Office of Quality Performance, selected from an extract of SSI administrative data the small number of records for SSI recipients which have indications that excludable assets exceeding \$1,000,000 may exist. However, because excluded assets do not affect benefit eligibility, the value of the asset may not always be recorded. Our best assessment, based on a review of these limited data, is that very few SSI recipients have excluded assets of \$1,000,000 or more. It appears that the few who do are typically disabled recipients whose assets are often held in special needs trusts established for their benefit. Upon the death of these SSI recipients, these trusts repay the State for the costs of medical assistance provided.

We do not have ready access to data on adjusted gross income that would allow us to answer your question about Social Security beneficiaries more fully. In addition, as mentioned above, privacy considerations do not allow us to provide individual-level information. However, the aggregated data we have provide a good indication of the magnitude of the number of OASDI beneficiaries with earned income of \$1,000,000 or more. That number, between 4,000 and 6,000 annually, is only about 0.01 percent of the more than 50 million individuals who currently receive monthly Social Security benefits. The data available to us do not provide a reliable basis for accurately estimating how many of the 8 million SSI recipients have excluded assets of \$1,000,000 or more, but all indications suggest that this number is very small.

If we may be of any further assistance on this or any other matter, please do not hesitate to let us know.

Sincerely,

A handwritten signature in black ink, reading "Stephen C. Goss". The signature is fluid and cursive, with the first name "Stephen" and last name "Goss" clearly legible.

Stephen C. Goss
Chief Actuary