Social Security to Reinstate Overpayment Recovery Rate

Policy Update Supports Fiscal Responsibility

The Social Security Administration (SSA) announced it will increase the default overpayment withholding rate for Social Security beneficiaries to 100 percent of a person’s monthly benefit. The Office of the Chief Actuary estimates this change will result in an increase in overpayment recoveries (i.e., a program savings) of about $7 billion in the next decade.

“We have the significant responsibility to be good stewards of the trust funds for the American people,” said Lee Dudek, Acting Commissioner of Social Security. “It is our duty to revise the overpayment repayment policy back to full withholding, as it was during the Obama administration and first Trump administration, to properly safeguard taxpayer funds.”

The agency strives to pay the right person the right amount at the right time, and issues correct payments to most beneficiaries. When overpayment does occur, the agency is required by law to seek repayment. As of March 27, the agency will begin mailing notices about the new 100 percent withholding rate, rather than the recent adjustment of just 10 percent. The withholding rate change applies to new overpayments related to Social Security benefits. The withholding rate for current beneficiaries with an overpayment before March 27 will not change and no action is required. The withholding rate for Supplemental Security Income overpayment remains 10 percent. People who are overpaid after March 27 will automatically be placed in full recovery at a rate of 100 percent of the Social Security payment.

If someone cannot afford full recovery of their overpayment, they can contact Social Security at 1-800-772-1213 or their local office to request a lower rate of recovery.

Additionally, people have the right to appeal the overpayment decision or the amount. They can ask Social Security to waive collection of the overpayment, if they believe it was not their fault and can’t afford to pay it back.

The agency does not pursue recoveries while an initial appeal or waiver is pending.

For more information about overpayments and appeal rights, visit www.ssa.gov.