



APPFA
PO Box 16064
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House Committee on Ways and Means Office
Subcommittee on Social Security
1102 Longworth House Office Building
Washington, DC 20515

Dear Committee Members,

You are receiving this letter today because we, the members of the Association of Public Pension Fund Auditors (APPFA) are seeking your assistance to protect the finances of public pension funds throughout the United States. Since you may not be familiar with our group, we will provide some background information. APPFA's membership is comprised of the internal auditors of over 85 state and local public pension systems throughout the United States. The organization provides semi-annual conferences to provide members with continuing education and a forum for networking and sharing concerns about the risks facing each of our respective systems and/or the public pension system industry.

While as a group we help oversee more than a trillion dollars in assets, the common misconception is that the predominant risk concerns the protection of our investments. However, our systems' investments are well diversified and appropriately controlled. Public pension systems face an enormous amount of risk in protecting the outflows of funds. We must ensure that benefit payments are accurately calculated, are only made to eligible recipients, and are terminated upon the death of the recipient. It is the last point that prompts us to write this letter seeking your assistance.

Advancements and access to electronic public death records in the U.S. over the past 30 years has allowed each of our pension systems to greatly improve controls to guard against overpayment of benefits resulting from the death of our members. Often times these overpayments are being fraudulently converted for personal use by those individuals close to the deceased beneficiary. Many different approaches are employed by the nation's pension systems. Most pension funds use one or more of the following approaches to obtain death information of their members:

- Direct interface with state or local vital statistics agencies.
- On-line access to public records through services such as LexisNexis or Accurant.
- Contracting with business partners such as Pension Benefits Information (PBI), the Berwyn Group, or others that accumulate national death records and match the funds membership data against their death files to identify matches (potential member deaths).

Access to this data through these agencies and services has saved APPFA's member systems millions of dollars in potential losses due to overpayments and fraud.

APPFA is very concerned about recent restrictions on the data that the National Technical Information Service (NTIS) provides in the Social Security Administration (SSA) Death Master File (DMF), the primary source of death data. A recent interpretation by the Social Security Administration of the legislation contained in Section 205 (r) of the Social Security Act has created a gap in the death information that is provided to our pension systems. Our members no longer have access to death data that is provided under contract to the SSA from various states. As a result of this change, the amount of death information has declined by approximately 50%. This has undoubtedly led to overpayments to deceased annuitants and beneficiaries at a time when the public pension industry can least afford to erroneously pay out millions of dollars.

Prior to November 1, 2011, our organizations had access to the complete Death Master File which helped to ensure that we were only paying monthly benefits to live annuitants and beneficiaries. On behalf of the members of the Association of Public Pension Fund Auditors throughout the United States, we urge you to pass legislation to allow authorized government users such as public pension funds and authorized death verification vendors' unrestricted access to the complete Death Master File. Authorized government and death verification vendors will have no hesitation to agreeing to any confidentiality clauses in any contract with the Social Security Administration because these users do not publish anyone's Social Security Number living or deceased and take these confidentiality clauses very seriously. Should you have any further questions about this letter, please contact me.

Thank you for considering our request.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Hayward". The signature is fluid and cursive, with the first name "Steve" being more prominent than the last name "Hayward".

Steve Hayward

APPFA President

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