

What is a Social Security Representative Payee and how are they chosen?

Introduction

Currently there are over ten million older adults who rely exclusively on Social Security benefits as their primary source of income. Older adults with Alzheimer's disease and other cognitive impairments may have difficulty managing their finances, making them vulnerable to financial exploitation. For those older adults, The Social Security Administration (SSA) has authority from Congress to appoint individuals known as representative payees to receive and manage Social Security and Supplemental Security Income (SSI) payments. However, unless the SSA follows certain procedures and regulations to determine whether it is in the beneficiary's best interest to have a payee, select the proper payee, provide adequate oversight over the payee's activities, and provide intervention if there is a misuse of funds, then the representative payee program can itself be a source of financial abuse.

This fact sheet by Justice in Aging provides an overview of the basic rules governing the representative payee program, and is meant as an educational tool for seniors, their families, and their caregivers. Central to Justice in Aging's mission is ensuring that our nation's most vulnerable seniors are protected from misuse of their modest incomes. This project is supported by a fellowship grant from the Borchard Center Foundation on Law and Aging, which sponsors fellows who are interested in improving the quality of life for seniors.

How SSA decides if a beneficiary should have a representative payee:

- » First, SSA must learn of a problem with a beneficiary's ability to manage their financial affairs—usually from a friend or family member.
- » Second, SSA gathers information about a person's condition from relatives, friends, service providers, and medical professionals.
- » Third, a beneficiary is found unable to manage their financial affairs by SSA and a representative payee is appointed.

Please note: If a court has determined that the beneficiary is incompetent and has appointed a guardian, the guardian will also be appointed as payee according to SSA's preference list for selecting payees.

If you are the friend, family member, or caregiver of an older person on social security and you are concerned about whether or not the person is able to properly manage their finances, you should take your concerns to the SSA.

How SSA Chooses Payees:

- » In choosing a payee, SSA will first look to family and friends who are aware of the beneficiary's needs and eligible to serve as a payee.
- » If no family or friends are available, SSA will consider appointing a qualified organization to serve as payee.
- » Next, the individual seeking to become the rep payee must file an application with the local field office or online.
- » SSA will review the application and transfer it to the Disability Determination Services (DDS) in the state where the beneficiary lives.
- » The DDS may approve, further investigate the application by considering medical and lay evidence, or deny the application.
- » If denied, the decision may be appealed. If approved, SSA will appoint the payee and initiate the first payment to that individual.
- » In determining eligibility, SSA will consider a potential payee's history. Individuals who are a creditor of the beneficiary, who have previously had their representative payee appointments revoked due to misuse of funds, or have been convicted of a crime and are fleeing prosecution will be considered ineligible to serve as a representative payee.



If you or someone you know may be in need of a representative payee, please call the Social Security Administration at the national toll-free number at 1-800-772-1213 or contact your local SSA office.

A Representative Payee's Duties:

Serving as a representative payee is a serious legal duty. SSA encourages payees to take a more active role in the beneficiary's life as a means to be more helpful. The primary responsibilities include:

- » Becoming familiar with SSA's program's rules, especially for those receiving SSI benefits—If a representative payee has questions about how to spend or save money on behalf of the beneficiary, they should contact the local SSA office.
- » Meeting with the beneficiary on a regular basis. The payee must understand the beneficiary's needs, including food, housing, and medical costs.
- » Using the benefits in the best interest of the beneficiary and saving any unspent benefits to meet later needs.
- » Keeping detailed and accurate records of how the benefits are used and saved.
- » Reporting to SSA any changes such as death, incarceration, address and custody changes, and changes in circumstances that would affect the payment of benefits.

Oversight and Authority: Misuse of Benefits by a Representative Payee

Whether seniors are receiving Social Security benefits or Supplemental Security Income payments, every penny counts. To assist payees in carrying out their duties, the Consumer Financial Protection Bureau offers a guide about managing Social Security benefits with useful information for those serving as rep payees.¹

In the event that a payee is found to have misused benefits, SSA is authorized to impose criminal and civil penalties. If the misuse is intentional, a felony charge against the payee will be brought and imprisonment up to five years is possible. Civil penalties could render the payee personally liable for misuse of the funds.

¹ Please visit the Consumer Financial Protection Bureau website to find a full copy of the guide, which is also available at [cfpb_lay_fiduciary_guides_representative_web_20131028.pdf](https://www.consumerfinance.gov/lay-fiduciary-guides-representative-web-20131028.pdf).