

SERVING AS REPRESENTATIVE PAYEE FOR A RECIPIENT OF SOCIAL SECURITY BENEFITS

When the Social Security Administration (SSA) makes the determination that a recipient of Social Security Disability Income (SSDI) benefits and/or Supplemental Security Income (SSI) is not capable of managing his/her money, another person may be appointed to receive and handle these funds. The person who is appointed to receive and manage the Social Security payments for another is called a **Representative Payee (RP)**.

The Social Security Administration must appoint a RP when the recipient of benefits is a disabled or blind child under the age of 18 and/or has been determined to be “legally incompetent” by a court (has a court appointed conservator). SSA may also appoint a RP if a recipient has a physical or mental disability which seriously impairs their ability to manage their funds. The determination to appoint a RP in these circumstances will be based on an evaluation by the SSA Claims Representative of legal, medical or other evidence supporting the need.

In general, anyone who demonstrates a continuing interest and concern in the care and welfare of the recipient can be appointed to serve as their RP. SSA does provide guidelines for the selection of RPs which indicate a preference for parents, legal guardians and relatives. Public or private agencies which have “custody” of the recipient may also be selected if appropriate. SSA will assess the appropriateness of a prospective RP on the basis of their involvement in the care of the beneficiary, knowledge of their needs, and ability to fulfill responsibilities. A prospective RP must complete an application form, “Request to Be Selected as Payee” and appear at the Social Security office for an interview to assess his/her qualifications.

Appointment as a RP for a Social Security recipient carries with it certain specific legal responsibilities. The following guidelines are intended to assist individuals serving as RP in the fulfillment of these responsibilities.

MANAGEMENT OF AND ACCOUNTING FOR BENEFITS:

When a RP is appointed, the recipient’s benefit checks will be made out to and sent directly to that person (e.g., John Payee for David Recipient). The check(s) may be negotiated only by the RP. When the first benefit check is received, follow the basic steps outlined below.

- 1) Open a separate checking account which shows the recipient, not the RP, as the owner. Any account title which shows beneficiary ownership and the RP as fiduciary is acceptable (e.g., David Recipient by John Payee, representative payee OR John Payee, representative payee, for David Recipient). Select a banking institution which is convenient, offers checking services at minimal fees and routinely returns canceled checks (or photocopies).
- 2) Deposit all benefit payments into this account in full OR arrange for Social Security to make direct deposits.



- 3) Make all expenditures and withdrawals by check, noting the nature of the expense in your account register (or on the check if the bank returns checks).
- 4) Retain benefit check stubs, bank statements and canceled checks in a separate file. This file will then provide an ongoing accounting for all benefits received and expenditures made on behalf of the recipient.

SSA usually requires the RP to submit an annual accounting of how the funds were spent. This is done by completing a Representative Payee Report form provided by SSA and usually occurs at the same time as the recipient's annual Re-determination of Eligibility for SSI.

RPs have the responsibility to use a beneficiary's funds only for the use and benefit of the beneficiary. Within these parameters, the RP has discretion in deciding how the recipient's benefits are spent, but must place priority on current needs, such as food, clothing and shelter. If the recipient resides in a residential facility, a significant portion of the monthly benefit will be paid directly to the facility for the person's board and care. This will be a standard amount, the facility and/or the placement agency should notify you of the exact amount and when any changes occur.

If the recipient is over 18, resides in the home of his/her family, and is receiving the maximum level of SSI benefits, they must be able to document that they are paying their fair share of the total monthly household expenses. In these circumstances, the RP must prepare an estimate of the average monthly household costs including rent or mortgage costs, homeowner's or renter's insurance, utilities, food, and other routine expenses. The recipient's share is then determined by dividing the total of these monthly expenses by the number of people residing in the home, (e.g., if four people reside in the home, the recipient's share would be one quarter). **CAUTION: If the recipient's share of the monthly household expenses exceeds their benefits, they may not be eligible for the maximum level of benefits and their benefit level may be reduced.**

The following is a general list of items which may be purchased and expenses which may be incurred on behalf of the recipient:

- ★ Clothing;
- ★ Personal Items (Grooming supplies, Jewelry);
- ★ Special Medical Expenses and Equipment (Expenses which are not covered by Medicare/MediCal benefits or other public benefits, such as non-prescription medications and adaptive equipment);
- ★ Therapeutic Services (Special services, such as a tutor, which are not provided through public benefits);
- ★ Recreational Items (Bicycle, camera, radio, TV, reading materials);
- ★ Miscellaneous Items (Restaurants, movies, stationery, snacks, bus and taxi fares).

If you are uncertain about whether a particular expense can be properly paid from the recipient's funds, check with the Social Security office before acting.

Any funds remaining should be retained for future needs or invested for the beneficiary. **CAUTION: SSI recipients are limited to a maximum level of resources which includes savings accounts and interest. Exceeding this level can result in loss of eligibility for benefits.**

Any savings account or other investment must be titled in the same manner as described above for a checking account. Any investment of recipient funds should be made by check and the records of the investment must be added to those for the checking account. With the SSI resource limitations, the RP may determine that it is more desirable to either obtain an interest bearing checking account or to use reserve funds to meet minimum balance requirements and avoid additional fees rather than to open a second account.

OTHER DUTIES, RESPONSIBILITIES AND RIGHTS:

In general, the RP shares with the recipient the right to contact SSA regarding the recipient's case. The RP also assumes responsibility for fulfilling the beneficiary's responsibilities for reporting to Social Security and for cooperating with Social Security procedures, such as the annual Re-determination of Eligibility.

The RP is responsible for reporting events which may affect the recipient's eligibility status or benefits, including:

- ★ Beneficiary begins receiving another benefit or a change in the amount of another benefit;
- ★ Beneficiary changes address or moves to a new residential facility;
- ★ SSI Beneficiary has change in income or resources;
- ★ Beneficiary starts or stops working or increases or decreases the amount of work they are doing;
- ★ Beneficiary's death, marriage, adoption or change of custody;
- ★ RP is not longer able to be responsible for beneficiary.

Since eligibility for public medical benefit programs is connected to eligibility for Social Security benefits, the RP will also be involved in the beneficiary's medical care and utilization of these benefits.

Although none of the recipient's SSI benefits are taxable, some individuals receiving Social Security payments may be subject to Federal Income Tax on a portion of these benefits. The RP will receive a statement at the beginning of each year showing benefits for the prior year. This information should be provided to the person who handles the beneficiary's tax matters.

Most decisions made the by SSA, including those regarding a RP, are appealable though SSA's regular administrative process. The RP may exercise these appeal rights on behalf of the beneficiary.

Information summary prepared by the Office of Advocacy at Alpha Resource Center of Santa Barbara
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