



Social Security

A Guide For Representative Payees

www.socialsecurity.gov

Contact Social Security

Visit our website

Our website, www.socialsecurity.gov, is a valuable resource for information about all of Social Security's programs. At our website you also can:

- Apply for certain kinds of benefits;
- Get the address of your local Social Security office;
- Request a *Social Security Statement* or a replacement Medicare card; and
- Find copies of our publications.

Call our toll-free number

In addition to using our website, you also can call us toll-free at **1-800-772-1213**. We treat all calls confidentially. We can answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. We can provide information by automated phone service 24 hours a day. If you are deaf or hard of hearing, you may call our TTY number, **1-800-325-0778**.

We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.

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Introduction

More than seven million people who get monthly Social Security or Supplemental Security Income (SSI) benefits need help managing their money.

After a careful investigation, we appoint a relative, friend or other interested party to serve as the “representative payee.” This means that, if you agree to be a representative payee, we pay you the person’s benefits to use on his or her behalf.

In agreeing to serve as a representative payee, you have taken on an important responsibility (one that can make a positive difference in both the beneficiary’s life and your life).

With certain exceptions, a payee may not collect a fee for services provided to the beneficiary. Unless Social Security authorizes you to collect a fee for providing services, or you are the legal guardian who has been authorized by a court to charge a guardian fee, you may not collect a fee from the beneficiary.

This booklet provides basic information on how to be a representative payee and is not intended to answer all questions. For specific information about your situation, you should talk with a Social Security representative at your local Social Security office.

Helping you manage your new responsibility

As a representative payee, you must know what the beneficiary's needs are so you can decide how benefits can best be used for his or her personal care and well-being. This is especially important if the beneficiary does not live with you.

Each year, Social Security will ask you to complete a form to account for the benefits you have received. Social Security will mail you a form. You can either fill out the form and return it to Social Security or go online at www.socialsecurity.gov/payee to file the report. You can use the worksheet in the center of this booklet to keep track of what you spend (see sample form on pages 10-11).

As a representative payee, you also will need to tell Social Security about changes that may affect the beneficiary's eligibility. The changes are listed on pages 16-17.

Remember, the law requires representative payees to use the benefits properly. If a payee misuses benefits, he or she must repay the misused funds. A payee who is convicted of misusing funds may be fined and imprisoned.

***NOTE:** A payee is appointed to manage Social Security funds only. A payee has no legal authority to manage non-Social Security income or medical matters.*

Family members often use a "power of attorney" as another way to handle a family member's finances. For Social Security purposes, a "power of attorney" is not an acceptable way to manage a person's monthly benefits. Social Security recognizes only a representative payee for handling the beneficiary's funds.

A special note about children who get Supplemental Security Income (SSI) payments

If you are a payee for a child receiving SSI payments, you will be required to obtain treatment for the child's medical condition when treatment is determined to be medically necessary. If you do not obtain medical treatment for the child, Social Security may appoint a new representative payee.

How you must use monthly benefits

First, you must make sure the beneficiary's day-to-day needs for food and shelter are met. Then, the money can be used for any of the beneficiary's medical and dental care that is not covered by health insurance, and for personal needs, such as clothing and recreation. If there is money left after you pay for the beneficiary's needs, it must be saved, preferably in an interest-bearing account or U.S. Savings Bonds.

If the beneficiary is in a nursing home or other institution, you should use the benefits to pay the usual charges for care. In this case, you should set aside a minimum of \$30 each month to be used for the beneficiary's personal needs.

Also, if the beneficiary lives in an institution and is eligible for Medicaid or is a member of a family that receives payments from the Temporary Assistance for Needy Families program, you should contact your local Social Security office about using the beneficiary's Social Security benefits to support the family.

As a general rule, you may not take a fee from the beneficiary's funds for your services as a representative payee. If you have questions about this, contact your local Social Security office.

How to handle a large payment of past benefits

Sometimes benefits take a while to be approved. When this happens, back benefits may be paid all at once, in a large payment. First, you must spend the money on the beneficiary's current needs such as rent and a security deposit, food or furnishings. After these expenses are paid, you may spend the money to improve the beneficiary's daily living conditions or for better medical care. It is important that you spend the money wisely. You should keep in mind that the money must be used in the beneficiary's best interests. If there is money still left over, it must be saved, preferably in U.S. Savings Bonds or an interest-paying bank account, insured under either federal or state law.

Improve daily living conditions

After you have provided for the beneficiary's basic needs, you may spend the money to improve the beneficiary's daily living conditions or for better medical care. You may decide to use the beneficiary's funds for major health-related expenses, if they are not covered by the beneficiary's health insurance. Examples of these expenses are reconstructive dental care, a motorized wheelchair, rehabilitation expenses or insurance premiums.

You could use the money to arrange for the beneficiary to go to school or get special training.

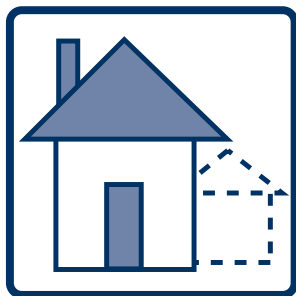
You also could spend some of the money on the beneficiary's recreational activities, such as movies, concerts or magazine subscriptions.

Special purchases

You may want to make some of the following special purchases for the beneficiary.

- A home—You can use funds as a down payment, and you can use some of the money to make payments on a house owned by the beneficiary.
- Home improvements—You can pay for renovations that make the beneficiary's home safer and more accessible; for example, installing a wheelchair ramp or widening doorways to accommodate a wheelchair.
- Furniture—You can buy furniture for the beneficiary's personal use, as well as items that may be shared with other members of the household, such as a television.
- A car—You can use funds as a down payment, and you can use some of the money to make monthly car payments as long as the car is used for and owned by the beneficiary.

If you are not sure whether it is okay to use the money for a specific item, (for example, paying a bill the beneficiary owed before you became payee), contact your local Social Security office before you spend the money.



A special note about SSI beneficiaries

To continue receiving SSI, a beneficiary must not have resources worth more than \$2,000 (\$3,000 for couples). Although not all resources are counted, some of the items you may buy with the money could be worth so much that the beneficiary would be ineligible for SSI benefits. Any money you do not spend could also count as a resource. You should check with your local Social Security office before making a major purchase for an SSI beneficiary.



Income and Expenses Worksheet

| Month and year | Amount of Social Security or SSI benefits received | Expenses for food and housing | Expenses for clothing, medical/dental, personal items, recreation, miscellaneous | | | | |
|----------------|--|-------------------------------|--|--|--|--|--|
| | | | | | | | |
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A special note about blind or disabled children receiving SSI

Sometimes, blind or disabled children will receive large, past-due SSI payments covering more than six months of benefits. Usually, these payments must go directly into a separate banking account. We call this a “dedicated account” because funds in this account may be used only for certain expenses, primarily those related to the child’s disability. The dedicated account must be kept separate from any other savings or checking account set up for the beneficiary. Except for certain subsequent past-due payments, no other funds may be commingled into the account, and money in the dedicated account is not countable as a resource. Interest earned on the money also is not counted as income or as a resource. Money in a dedicated account must be used only for the following expenses:

- Medical treatment and education or job skills training;
- Personal needs assistance related to the child’s disability—special equipment, housing modification and therapy or rehabilitation; or
- Any other item or service related to the child’s disability that we determine to be appropriate, such as legal fees incurred in establishing the child’s claim for benefits.

You should first get approval from us for these kind of expenses.

You must keep a record of all money taken from this account and receipts for all items or services bought, because we will review these records at least once a year. If you knowingly use money from the dedicated account for anything other than the expenses shown above, you must repay us from your own funds. If you have questions about dedicated accounts, contact us.

How funds should be held

It is a good idea to ask us to directly deposit monthly benefits into a bank account. We recommend that you hold benefits in a checking or savings account to protect against loss or theft. Also, do not mix the beneficiary's funds with your own or other funds.

If any money is left after meeting the beneficiary's day-to-day and personal needs, it must be saved. The preferred ways of saving is U.S. Savings Bonds or an interest-paying bank account that is insured under either federal or state law. Interest earned belongs to the beneficiary.

To protect the beneficiary's funds, the checking or savings accounts title must reflect the beneficiary's ownership of the funds and your relationship as a fiduciary (financial agent). Neither the representative payee nor any other third party can have ownership interest in the account. The beneficiary must never have direct access to the account. Any account title (under state law) that shows beneficiary ownership of the account with you as fiduciary is acceptable. Do not use joint accounts. Here are two ways we recommend to title the accounts:

- "(Beneficiary's name) by (your name), representative payee."
- "(Your name), representative payee for (beneficiary's name)."

Your bank will provide help if you have additional questions.

An exception for parents who are representative payees

A common checking account for all family members living in the same household who receive benefits may show a parent as the owner of the account. Children's savings, however, must be held in a separate savings account for each child, with the child's name shown as the owner of the account.

Keeping records

As a representative payee, you are responsible for keeping records and reporting on how you spend the benefits by completing a *Representative Payee Report* (Form SSA-623, SSA-6230 or SSA-6233). The appropriate form will be mailed to you about once a year. You also can file the report online at www.socialsecurity.gov/payee.

You must complete the report even if you are the beneficiary's legal guardian.

You may choose to use the worksheet in the center of this booklet to help you keep track of the money you spend. When you need to fill out the *Representative Payee Report*, you can add the amounts in each column of your worksheet and put the totals on the accounting form. If you need additional worksheets, call **1-800-772-1213** (TTY **1-800-325-0778**).

Paying income tax

Some people who get Social Security will have to pay federal income tax on their benefits. At the beginning of each year, Social Security will mail you a *Social Security Benefit Statement* (Form SSA-1099) that shows the amount of benefits paid during the previous year. Give this statement to the person who prepares the beneficiary's tax returns to use in figuring out if any tax must be paid on the beneficiary's Social Security benefits.

Organizations that serve as payees

Sometimes nursing homes or other organizations place funds for several beneficiaries in a single checking or savings account. This is called a “collective account.” This is usually acceptable, but special rules apply to these accounts:

- The account title must show that the funds belong to the beneficiary and not the representative payee;
- The account must be separate from the organization’s operating account;
- Any interest earned belongs to the beneficiaries;
- There must be clear and current records showing the amount of each beneficiary’s share and proper procedures for documenting credits and debits; and
- The account and supporting records must be made available to us when we ask for them.
- Some examples of collective account titles are:
“Sunnydale Nursing Home, representative payee for Social Security beneficiaries.”
“Sunnydale patients’ fund for Social Security beneficiaries.”

If you have any questions about collective accounts, contact us.

If your organization is serving as a representative payee and you are considering charging the beneficiary for past care and maintenance costs, you will need to get approval from us first. We also need to approve any decision to “pool” the personal funds of several beneficiaries for an item such as a television that will benefit the group.

More information about being a payee is available in the *Guide For Organizational Representative Payees* (Publication No. 17-013) that is available at www.socialsecurity.gov/payee or from any local Social Security office. You also can order a copy by calling 1-800-772-1213 (TTY 1-800-325-0778).

A special note about beneficiaries receiving SSI

If Medicaid is paying more than half the cost of an SSI beneficiary's care, or private health insurance is paying for the care, the SSI payment is usually limited to \$30 per month, plus any additional money paid by the state. This entire payment must be used for the beneficiary's personal needs or saved on his or her behalf if personal needs have been met.

Changes to report

You need to tell Social Security about any changes that may affect benefit payments. As payee, you are responsible for repaying money you received on behalf of the beneficiary if any of the events listed below occur and you do not report them. For example, tell us if:

- The beneficiary moves;
- The beneficiary starts or stops working, no matter how little the amount of earnings;
- A disabled beneficiary's medical condition improves;
- The beneficiary starts receiving another government benefit or the amount of the benefit changes;
- The beneficiary will be outside the United States for 30 days or more;
- The beneficiary is imprisoned for a crime that carries a sentence of more than one month;
- The beneficiary is committed to an institution by court order for a crime committed because of a mental impairment;
- Custody of a child beneficiary changes or a child is adopted;
- The beneficiary is a stepchild, and the parents divorce;
- The beneficiary gets married;
- The beneficiary no longer needs a payee; or
- The beneficiary dies.

You also must tell us if:

- You are no longer responsible for the beneficiary;
- You move;
- You no longer wish to be payee;
- You are convicted of a felony; or
- You are violating a condition of your probation or parole imposed under federal or state law.

In addition, you must tell us if you or the beneficiary have an outstanding arrest warrant for a crime that is a felony under the laws of the state in which you or the beneficiary live; or a crime punishable by death or imprisonment for more than one year in states that do not classify crimes as felonies.

A special note about SSI benefits

In addition to the events listed above, the following changes must be reported if the beneficiary is getting SSI benefits:

- The beneficiary moves to or from a hospital, nursing home, correctional facility or other institution;
- A married beneficiary separates from his or her spouse, or they begin living together again after a separation;
- Someone moves into or out of the beneficiary's household; or
- The beneficiary or the spouse has a change in income or resources.

A child's SSI benefit amount may change if there are any changes in the family's income or resources.

As a payee, if you fail to report any of the actions to Social Security, the beneficiary may be paid too much money. In that case, you may have to return the money the beneficiary was not due and the payments may stop. If Social Security determines you intentionally withheld information in order to

continue to receive payments, you may be criminally prosecuted. Criminal penalties can include fines and imprisonment.

If you are a representative payee for a person who gets SSI, you should be aware that savings and other resources are limited to \$2,000 (\$3,000 for a couple) under the SSI program. Interest earned on savings counts toward that limit. In determining a child's resources, money in the child's dedicated savings account (see page 12) does not count toward the resource limit. For more information, ask for *What You Need To Know When You Get Supplemental Security Income (SSI)* (Publication No. 05-11011).

Medicare and Medicaid

As a representative payee, you may need to help the beneficiary get medical services or treatment. This assistance is required by law for children receiving SSI. You should keep a record of medical services and medical expenses not covered by Medicare and Medicaid. For information about Medicare coverage, ask for *Medicare* (Publication No. 05-10043).

If the beneficiary has low income and few resources, the state may pay Medicare premiums and some out-of-pocket medical expenses. A person may qualify even if his or her income or resources are too high for SSI. For information, contact the state or local medical assistance (Medicaid) agency, social service office or welfare office.

The beneficiary also may be able to get extra help paying for the annual deductibles, monthly premiums and prescription co-payments related to the Medicare prescription drug program (Part D). The beneficiary may qualify for extra help if he or she has limited income and resources. These income and resource limits change each year. For information about current income

and resources limits, ask for *Getting Help With Medicare Prescription Drug Plan Costs* (Publication No. 05-10115).

If the beneficiary has both Medicaid with prescription drug coverage and Medicare, Medicare and Supplemental Security Income, or if the state pays for his or her Medicare premiums, they automatically will get this extra help and don't have to apply.

For more information about getting extra help with Medicare prescription drug plan costs, call Social Security's toll-free number or visit our website. You also can help the beneficiary apply for extra help online at Social Security's website.

If you stop being a payee

If you will no longer be the payee, you must notify Social Security immediately. This is important because a new payee will have to be selected as soon as possible. When you are no longer responsible for the beneficiary, you must return any benefits, including interest and cash on hand, to Social Security. The funds will then be reissued to the beneficiary or to a new payee.

If the beneficiary dies

If the beneficiary dies, any saved benefits belong to his or her estate. They must be given to the legal representative of the estate or otherwise handled according to state law. If you need information about state law, contact the probate court or an attorney.

When a person who receives Social Security benefits dies, no check is payable for the month of death, even if he or she dies on the last day of the month. Any check received for the month of death or later must be returned. An SSI check, however, is payable for the month of death. But you must return any SSI checks that come after the month of death.

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