

# *Social Security*

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A Guide For  
Representative  
Payees



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[www.ssa.gov](http://www.ssa.gov)

## When A Beneficiary Needs Your Help

If you're reading this booklet, you probably have volunteered to be a "representative payee" for someone who receives Social Security benefits and needs help managing his or her money. More than six million people who get monthly Social Security or Supplemental Security Income (SSI) benefits need this kind of help.

And when people need help managing their benefits, Social Security—after a careful investigation—appoints a relative, friend or other interested party to serve as the beneficiary's "representative payee." This means the person's benefits are then paid to the payee on the beneficiary's behalf.

In agreeing to serve as a representative payee, you've taken on an important responsibility—one that can make a positive difference in the beneficiary's life and your life as well.

We appreciate your help in making sure the benefits this person receives are used for his or her personal care and well-being. Although you'll be spending some of your valuable time in assuming this responsibility, we hope you find it a rewarding experience for both you and the beneficiary.

### **Helping You Manage Your New Responsibility**

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The following information explains your responsibilities as a representative payee including how to keep track of what you spend on the beneficiary's behalf.

As a representative payee, you must keep informed about the beneficiary's needs 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 doesn't live with you.

If there's money left after you've met the beneficiary's current and expected needs, it must be saved and maintained for the beneficiary. Periodically, Social Security will ask you to complete a form that accounts for the funds you've received (see sample form on Page 15.) You can use the worksheet in the center of this booklet to keep track of what you spend.

And as a representative payee, you'll need to tell Social Security about changes that may affect the beneficiary's eligibility for benefits. The changes are listed on Pages 11 and 12.

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

**Also remember:** 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 to suit their needs. However, for Social Security purposes, using a "power of attorney" is **not** an acceptable way to manage a person's monthly benefits. Although a power of attorney may be a convenient way to pay bills and handle some legal matters, Social Security does not recognize it for managing a beneficiary's funds.

### **A Special Note When A Child Receives SSI Payments—**

If you are a payee for a child receiving SSI payments, you will be required to obtain treatment for the child's disabling condition when treatment is determined to be medically necessary. If you're not sure whether treatment is required, contact your Social Security office. If you fail to

obtain medical treatment for the child, Social Security may remove you as the representative payee.

## **How You Must Use The Benefits**

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First, you should make sure the beneficiary's day-to-day needs for food and shelter are met. Benefits may then be used for the beneficiary's personal needs, such as clothing, recreation and other expenses. Benefits can then be used to pay for medical needs (for example, eyeglasses and hearing aids) and dental care that are not covered by the beneficiary's health insurance, Medicare, Medicaid or supplied by an institution where he or she resides. Or, it may be saved on his or her behalf.

If the beneficiary is in a nursing home or other institution, you should use benefits to pay the usual charges for care. In that 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 Temporary Assistance for Needy Families payments, you should contact the local Social Security office about using benefits to support family members.

## **How To Handle Large Sums Of Money**

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Sometimes a Social Security or SSI beneficiary receives a large payment covering several months, or even years, of benefits. If this happens, it's important that you make plans to spend the money wisely. The main thing is to keep in mind that the money must be used in the beneficiary's best interest.

Remember, your first priority is to make sure the beneficiary's current needs are being met. This includes food, shelter, medical care and other items for the beneficiary's personal comfort.

If there's money left over after you've provided these basic needs, you may spend the money on things that improve the beneficiary's daily living conditions or provide better medical care. You also could arrange for the beneficiary to receive training programs, school tuition or daily school expenses that will help him or her become more self-sufficient and have a more rewarding future.

You may decide to use the beneficiary's funds for his/her major health-related expenses, if they are not otherwise covered by the beneficiary's health insurance or Medicare or Medicaid. Examples include reconstructive dental care, a motorized wheelchair, rehabilitation expenses or insurance premiums. And you could spend some of the money on the beneficiary's recreation such as movies, concerts or magazine subscriptions.

### **Special Purchases**

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

- **A home**—Funds belonging to the beneficiary can be used as the down payment and a reasonable share of the monthly payments on a house owned wholly or in part by the beneficiary.
- **Home improvements**—You may want to arrange renovations to make the beneficiary's home safer and more accessible; for example, install a wheelchair ramp, widen doorways to accommodate a wheelchair, install a chair lift or make household repairs.
- **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**—The beneficiary's funds can be used for the down payment and reasonable monthly payments on a car used for and owned by the beneficiary.

If you're not sure whether an expenditure is proper (for example, paying a bill the beneficiary owed before you

became payee), contact your local Social Security office before you fulfill such obligations.

**A Special Note About Beneficiaries Receiving SSI**—To continue receiving SSI, an SSI beneficiary must not have resources worth more than \$2,000 (\$3,000 for couples). Not all resources are counted, however (such as a house or a car). This means some purchases could make the beneficiary ineligible for payments. Cash not spent is also a resource. You should check with your local Social Security office before making a major purchase for an SSI beneficiary.

**A Special Note About Blind/Disabled Children Receiving SSI**—Certain large past-due SSI payments to blind or disabled children covering more than six months of benefits must be paid directly into a separate account in a financial institution. We call this separate account 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 separately 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 an SSI resource. Interest earned on the money in a dedicated account also is not countable as income or a resource. Money in a dedicated account must be used only for the following allowable expenses for the benefit of the child:

- Medical treatment and education or job skills training.
- If related to the child’s disability, personal needs assistance; special equipment; housing modification; and therapy or rehabilitation.
- Any other item or service related to the child’s disability that we determine to be appropriate, such as the cost of improving the home to accommodate the child’s impairment or legal fees incurred in establishing the child’s

claim for benefits. You should first get approval from your local Social Security office for this category of expenses.

If you knowingly use money from the dedicated account for anything other than the expenses shown above, you

must repay the Social Security Administration from your own funds an amount equal to what you spent. You must keep a record of all money taken from this account and receipts for all items or services bought, because we will periodically review these records. If you have questions about dedicated accounts, contact your local Social Security office.

## **How Funds Should Be Held**

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It's a good idea to ask Social Security to directly deposit the monthly benefits into a bank account. We recommend that you hold funds for current and foreseeable needs in a checking or savings account to protect it from loss or theft. Also, do **not** mix the beneficiary's funds with your own or other funds.

If any money is left after meeting day-to-day and personal needs, **it must be saved**. The preferred ways of savings are U.S. savings bonds or an interest-paying bank account that is insured under either federal or state law. **Interest paid on savings belongs to the beneficiary.**

**A Special Note For Parents**—A common checking account for all family members who receive benefits may show a parent as the owner of the account. Children's savings, however, must be held in separate savings accounts for each child, with the child's name shown as the owner of the account.

To protect the beneficiary's funds, checking and savings accounts **must show the beneficiary as the only owner**. Neither the representative payee nor a third party can have ownership interest in the account. While the beneficiary retains ownership interest, the account title should not

permit him or her to have direct access to the funds. Here are two recommended titles:

- “(Beneficiary’s name) by (your name), representative payee.”
- “(Your name), representative payee for (beneficiary’s name).”

Although these are the most common methods of identifying accounts, any account title that, under state law, shows beneficiary ownership, and you as fiduciary, is acceptable. If you’re not sure, ask your bank.

## **Keeping Records**

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As a representative payee, you’re responsible for keeping records and reporting on the use of benefits by completing a Representative Payee Report (Form SSA-623, SSA-6230 or SSA-6233). You should keep these records for two years from the time you complete the form. A sample form is shown on Page 15. The appropriate form will be mailed to you about once a year.

You must complete the report even if you are a legal guardian; the accounting you make to the court cannot be substituted. However, much of the information may be the same.

You may choose to use the worksheet in the center of this booklet to help you keep track of your expenditures. Space is provided for 11 monthly entries. 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 worksheet space, call Social Security for another copy of the worksheet.







## **Paying Income Tax**

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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 determining whether any benefits are subject to tax.

## **Organizations That Serve As Payees**

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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 payee.
- The account must be separate from the organization's operating account.
- Any interest earned belongs to the beneficiary.
- There must be clear and current records showing the amount of each beneficiary's share and proper procedures for documenting credits and debits.
- The account and supporting records must be made available, upon request, to Social Security.

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 on collective accounts, contact your local Social Security office.

If you are an organization serving as a payee and you are considering charging the beneficiary for past care and maintenance costs, you will need to get approval from your local Social Security office. The office

also needs to approve any decision to pool the personal funds of several beneficiaries to purchase an item that will benefit the group.

More information about serving as a payee is available in the *Guide for Organizational Representative Payee* (Publication No. 17-013) that is available at [www.ssa.gov/payee](http://www.ssa.gov/payee) or from any local Social Security office. You also can order a copy by calling **1-800-772-1213**.

**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**

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You need to tell Social Security about any changes that may affect the benefits you receive. As payee, you are liable for repayment of 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 dies.
- The beneficiary moves.
- The beneficiary starts or stops working, no matter how small the amount of earnings.
- A disabled beneficiary's condition improves.
- The beneficiary starts receiving another government benefit, or the amount of the benefit changes.
- The beneficiary will be outside the U.S. for 30 days or more.
- The beneficiary is imprisoned for a crime that carries a sentence of over 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.
- You are no longer responsible for the beneficiary.
- The beneficiary no longer needs a payee.
- You are convicted of a felony.
- You move.

**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 amount of the SSI monthly benefits may change if any of these events occur:

- The beneficiary moves to or from a hospital, nursing home 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.
- The beneficiary 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.

**If you are payee for a person who gets SSI, you should be aware that savings and other resources are limited to \$2,000 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 6) does not count toward the resource limit. For more information, contact Social Security for a copy of the booklet, *What You Need To Know When You Get SSI* (Publication No. 05-11011).

## **Medicare And Medicaid**

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As a representative payee, you may need to help the beneficiary obtain medical services or treatment. You will need to show the Medicare card or State Medicaid Eligibility Card to the person or place providing the medical service. You should keep a record of medical services the beneficiary receives and medical expenses not covered by Medicare and Medicaid. This is especially important if the beneficiary is a blind or disabled child. For information about Medicare coverage, call Social Security to ask for a copy of *The Medicare Handbook* (HCFA Publication No. 10050).

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.

## **If You Stop Being The Payee**

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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 the Social Security Administration. The funds will then be reissued to the beneficiary or to a new payee.

## **If The Beneficiary Dies**

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If the beneficiary dies, 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.

## **For More Information**

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Visit [www.ssa.gov/payee](http://www.ssa.gov/payee) for more information or call our toll-free number **1-800-772-1213**. You can get recorded information 24 hours a day, including weekends and holidays, or you can speak to a service representative between 7 a.m. and 7 p.m. on business days. Our lines are busiest early in the week and early in the month. If your business can wait, it's best to call at other times. If you'd like general information about Social Security and SSI benefits, ask for a copy of the booklet, *Understanding The Benefits* (Publication No. 05-10024).

People who are deaf or hard of hearing may call our toll-free TTY number, 1-800-325-0778, between 7 a.m. and 7 p.m. on business days.

We provide free interpreter services (on request) to conduct your Social Security business. Please call us first so someone who speaks your language will be available to help you.

The Social Security Administration treats all calls confidentially—whether they're made to our toll-free numbers or to one of our local offices. We also want to make sure you receive accurate and courteous service. That's why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

# Representative Payee Report

Social Security Administration, P.O. BOX XXXX, Wilson-Barrs, PA 16097-XXXX

FORM 99A-423  
OCT 88

DATE WHEN YOU COMPLETED THIS REPORT	REPORT PERIOD	BENEFICIARY NUMBER
	FROM	TO
NAME OF PAYEE	NAME OF BENEFICIARY	DATE OF BIRTH
	ADDRESS	STATE
CITY	STATE	ZIP
	CITY	STATE
THIS REPORT IS ABOUT THE BENEFITS YOU RECEIVED BETWEEN XX/XX/XX AND XX/XX/XX FOR THE BENEFICIARY, XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX. PLEASE READ THE ENCLOSED INSTRUCTIONS BEFORE COMPLETING THIS FORM TO HELP YOU ANSWER EACH QUESTION.		

- Were you (the payee) convicted of a crime considered to be a felony between XX/XX/XX and XX/XX/XX? **IF YES, please explain in REMARKS on the back of this form.**

YES	NO
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Did the beneficiary live with the same person or in the same institution from XX/XX/XX to XX/XX/XX? **IF NO, please explain in REMARKS on the back of this form.**

YES	NO
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Benefits paid to you between XX/XX/XX and XX/XX/XX = \$00,000  
Benefits you reported saved from prior years = \$' 000  
Total Amountable Amount = \$00,000
 

YES	NO
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

  - Did you (the payee) decide how the \$00,000 was spent or saved? **IF NO, please explain in REMARKS on the back of this form.**

YES	NO
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
  - How much of the \$00,000 did you spend for the beneficiary's food and shelter between XX/XX/XX and XX/XX/XX?
 

<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
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  - How much of the \$00,000 did you spend on other things for the beneficiary such as clothing, education, medical and dental expenses, recreation, or personal items between XX/XX/XX and XX/XX/XX?
 

<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
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  - How much, if any, of the \$00,000 did you save for the beneficiary as of XX/XX/XX? If none, show zeros.
 

<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
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4. If you showed an account in 1.D. above, place an "X" in the boxes below to show how you are saving the benefits. If you have more than one account, you may check more than one box in each section.

A. TYPE OF ACCOUNT					B. TITLE OR OWNERSHIP		
Benefit/Checking Account	U.S. Savings Bonds	Contributions of Deposit	Collective Benefit/Pension Fund	Other	Beneficiary's Name by Your Name	Your Name for Beneficiary's Name	Other
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

FORM 99A-423 OCT 88 (9-84)

Continued on the Reverse →



## NOTES

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