



Securing today  
and tomorrow

# A Guide for Representative Payees

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## Introduction

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

In these cases, we can appoint a relative, friend, or other interested party to serve as the “representative payee.” We thoroughly investigate those who apply to be representative payees to protect the interests of Social Security beneficiaries. This is because a representative payee receives the beneficiary’s payments and is given the authority to use them on the beneficiary’s behalf.

If you agree to serve as a representative payee, you’ve taken on an important responsibility that can make a positive difference in the beneficiary’s life.

With certain exceptions, a payee may not collect a fee for services provided to the beneficiary. You can’t collect a fee for services from the beneficiary, unless Social Security allows it, or you’re the legal guardian authorized by a court to charge a guardian fee.

This booklet provides information on how to be a representative payee. It isn’t intended to answer all questions. For specific information about your situation, you should talk with a 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 the best use of benefits for their care and well-being. This is especially important if the beneficiary doesn’t live with you.

Each year, we will ask you to complete a form to account for the benefits you have received. For additional information, see our “**Keeping records**” section.

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A Protection and Advocacy agency in your state may also contact you to review your receipts and records of income and expenses.

As a representative payee, you'll also need to tell us about changes that may affect the beneficiary's eligibility. To view a list of things you need to inform us about, see our "**Changes to report**" section.

Remember, the law requires representative payees to use the benefits in the beneficiary's best interest. If a payee misuses benefits, they must repay the misused funds. A payee who's convicted of misusing funds may be fined and imprisoned.

**NOTE:** *We appoint a representative payee to manage Social Security and SSI funds only. A payee has no legal authority to manage non-Social Security income or medical matters. A representative payee, however, may need to help a beneficiary get medical services or treatment.*

Family members often use a power of attorney as another way to handle a family member's finances. For our purposes, a power of attorney isn't an acceptable way to manage a person's monthly benefits. We recognize only a designated representative payee for handling the beneficiary's funds.

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

If you're a payee for a child receiving SSI payments, you must seek treatment for the child's medical condition when it's necessary. If you don't get medical treatment for the child, we may appoint a new representative payee.

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## How you must use monthly benefits

First, you must take care of the beneficiary's day-to-day needs for food and shelter. Then, you must use the money for the beneficiary's medical and dental care that's not covered by health insurance. You can also pay for the beneficiary's personal needs, such as clothing and recreation. You must save any money left after you pay for the beneficiary's needs, preferably in U.S. Savings Bonds or an interest-paying bank account. This must be insured under either federal or state law.

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

If the beneficiary is in an institution and gets Medicaid, or is a member of a family on Temporary Assistance for Needy Families (TANF), contact us. We can inform you about using benefits for the family.

You may not take a fee from the beneficiary 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-due benefits

In certain instances, we will pay past-due benefits all at once in a lump sum, which may be a large amount. First, you must spend the money on the beneficiary's current needs such as rent and a security deposit, food, or furnishings. After paying these expenses, you may spend the money to improve the beneficiary's daily living conditions or for better medical care. Spend the money wisely. You should use the money in the beneficiary's best interests. Then, if there's money left over, you

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must save it, 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've provided for the beneficiary's 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're 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 may also spend some of the money for 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 beneficiary.

- A home — Use funds for a down payment. Use the money for payments on a house owned by the beneficiary.
- Home improvements — Pay for repairs and changes to make the beneficiary's home safer and more accessible. For example, the installation of a ramp or widening of doorways for wheelchair access.
- Furniture — Buy furniture for the beneficiary's personal use. You can buy items such as a television the beneficiary can share with others in the household.



- A car — Use funds for a down payment. Use the money for car payments as long as the car is used for and owned by the beneficiary.

If you're not sure if it's okay to use money for a specific item (for example, paying a bill owed before you became payee), contact us before you spend the money.

### **A special note about SSI payments**

To continue receiving SSI, a recipient must not have resources worth more than \$2,000 (\$3,000 for couples). We don't count all resources. However, some items you buy could cause the recipient to lose their SSI payments. Any money you don't spend could also count as a resource. Check with us before making major purchases for an SSI recipient.

### **A special note about children who are blind or have a disability and receive SSI**

Sometimes, blind or children with a qualifying disability 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 are only for certain expenses related to the child's disability. The child's dedicated account must be separate from other accounts. Except for certain past-due payments, no other funds may be put into the account. We don't count money in the dedicated account as a resource, and we don't count interest earned on the money as income or as a resource. You can only use money in a dedicated account for the following expenses:

- Medical treatment and education or job skills training.
- Personal needs related to the child's qualifying disability — such as therapy and rehabilitation, special equipment, and housing modifications.

- Necessary items or services related to the child's qualifying disability, such as legal fees for the child's benefit claim.

You should get approval from us before spending money on any items other than medical treatment, education, jobs training, or personal needs related to the child's disability.

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

## How to hold funds

The Treasury Department requires all federal benefit payments to be made using a form of electronic payment. We recommend that you hold benefits in a checking or savings account to protect against loss or theft. Also, don't mix the beneficiary's funds with your own or other funds.

You must save any money left over after meeting the beneficiary's day-to-day and personal needs. The preferred way of saving is through U.S. Savings Bonds or an interest-paying bank account that's insured under either federal or state law. Interest earned belongs to the beneficiary.

The checking or savings account title must show the beneficiary's ownership of the funds and show you as the financial agent. Neither you as the payee, nor another third party, can have any ownership of the account. The beneficiary must never have direct access to the account. Any account title (under state law) that shows beneficiary

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ownership of the account with you as the financial agent is acceptable. Don't use joint accounts. We recommend that you title the account in one of the following ways:

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

Your bank will provide help if you have more questions.

### **An exception for parents and spouses who are representative payees**

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

### **Organizations that serve as payees**

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

- Account titles must show the funds belong to the beneficiaries 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 proper procedures to document credits and debits with clear and current records of each beneficiary's share.
- The organization must make the account and supporting records available to us when we ask for them.

- The organization must obtain approval from us before establishing the account.

Some examples of collective account titles are:

- “Sunnydale Nursing Home for Social Security Beneficiaries.”
- “Sunnydale Nursing Home Resident Trust Account.”

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

You’ll need approval from us first if your organization serves as payee and wants to charge a beneficiary for the cost of past care. We also need to approve any decision to “pool” the 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* available at [www.ssa.gov/payee](http://www.ssa.gov/payee) or from any local Social Security office. You can also order a copy by calling **1-800-772-1213** (TTY **1-800-325-0778**).

## Keeping records

As a representative payee, you’re 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).

We’ll mail the proper form to you once a year. You can also file the report online at [www.ssa.gov/myaccount/rep-payee.html](http://www.ssa.gov/myaccount/rep-payee.html).

You must complete the report unless you are exempt. The following types of payees are exempt from the annual accounting requirements:

- A natural or adoptive parent of a minor child who primarily resides in the same household as the beneficiary.

- A legal guardian of a minor child who primarily resides in the same household as the beneficiary.
- A natural or adoptive parent of a person with a disability who primarily resides in the same household as the beneficiary.
- The spouse of an individual.

You can use the “***Income and Expenses Worksheet***” on the last page of this publication to keep track of what you spend. When you 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 extra worksheets, call **1-800-772-1213** (TTY **1-800-325-0778**).

To supplement our annual accounting process, we may select you for an onsite review. Protection and Advocacy agencies in each state that receive annual grants from us may contact you to schedule a review. This is meant to ensure satisfactory oversight of funds and performance of payee duties.

### **Paying income tax**

Some people who get Social Security benefits have to pay federal income tax on them. At the beginning of each year, we mail each beneficiary a *Social Security Benefit Statement* (Form SSA-1099) that shows the total benefits they received during the previous year. Give this statement to the beneficiary’s tax preparer to determine if any taxes are due on the benefits.

### **A special note about SSI recipients in a medical facility**

If Medicaid pays more than half the cost for an SSI recipient in a medical facility, we limit SSI payments to \$30 a month, plus any extra money the state pays. We also apply this limit to children under age 18, if private health insurance — or both private insurance and

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Medicaid — pay more than half the cost of their care in a medical facility. You must use the entire payment for the recipient’s personal needs. After meeting all the recipient’s needs, you must save any money left over on their behalf.

## Changes to report

You need to tell us about any changes that may affect benefit payments. As payee, you’re responsible for repaying money you receive for the beneficiary if you don’t report any of the events listed below. You must tell us if:

- The beneficiary moves.
- The beneficiary starts or stops working, no matter how little the earnings amount.
- The beneficiary’s medical condition improves.
- The beneficiary starts receiving another government benefit or the benefit amount changes.
- The beneficiary travels 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 entitled as a stepchild, and the parents’ divorce.
- The beneficiary gets married.
- The beneficiary no longer needs a payee.
- The beneficiary dies.

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You must also tell us if:

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

You must tell us if you or the beneficiary have an outstanding arrest warrant for a felony in the state where you or the beneficiary live. In states that don't classify crimes as felonies, you must also tell us if you or the beneficiary have an outstanding warrant for a crime punishable by death or imprisonment for more than one year.

### **A special note about reporting changes for SSI recipients**

If the beneficiary gets SSI benefits, you must also report the following changes:

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

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

If you fail to report any actions to us, we may pay the beneficiary too much money. In that case, you may have to return the money the beneficiary wasn't due and the payments may stop. If you intentionally withhold

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information to continue to receive payments, you may face criminal prosecution. Criminal penalties can include fines and imprisonment.

Also, payees for people on SSI should remember the limits for savings and resources are \$2,000 for singles and \$3,000 for couples. All interest earned on savings counts toward that limit. Money in a child's dedicated savings account doesn't count toward the resource limit. For more information, see our section titled "***A special note about children who are blind or have a disability and receive SSI.***" Also, read *What You Need to Know When You Get Supplemental Security Income (SSI)* (Publication No. 05-11011).

### **If you stop being a payee**

If you'll no longer be the payee, you must notify us immediately. This is important, because we'll have to select a new payee as soon as possible. When you're no longer responsible for the beneficiary, you must return any benefits, including interest and any cash you have, to us. We'll reissue the funds to the beneficiary or the new payee.

### **If the beneficiary dies**

If the beneficiary dies, you must give any saved benefits to the legal representative of the estate. Otherwise, the savings must be managed 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 they die on the last day of the month. You must return any check received for the month the beneficiary died. An SSI check, however, is payable the month of death. But you must return any SSI checks that come after the month of death.



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## Medicare and Medicaid

Payees may need to help beneficiaries get medical services or treatment. This is a requirement for the payees of 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, read *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 their income or resources are too high for SSI. For information, contact the state or local medical assistance (Medicaid) agency or social services office.

The beneficiary may also be able to get *Extra Help* paying for the annual deductibles, monthly premiums, and prescription co-payments related to the Medicare prescription drug program. The beneficiary may qualify for *Extra Help* if they have limited resources and income. These resource and income limits usually change each year.

Beneficiaries will automatically get *Extra Help* and don't have to apply if:

- They have both Medicaid with prescription drug coverage and Medicare.
- They have Medicare and Supplemental Security Income.
- The state pays for their Medicare premiums.

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

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## Contacting Social Security

There are several ways to contact us, such as online, by phone, and in person. We're here to answer your questions and to serve you. For more than 85 years, Social Security has helped secure today and tomorrow by providing benefits and financial protection for millions of people throughout their life's journey.

### Visit our website

The most convenient way to conduct Social Security business is online at [www.ssa.gov](http://www.ssa.gov). You can accomplish a lot.

- Apply for *Extra Help* with Medicare prescription drug plan costs.
- Apply for most types of benefits.
- Find copies of our publications.
- Get answers to frequently asked questions.

When you create a personal *my* Social Security account, you can do even more.

- Review your *Social Security Statement*.
- Verify your earnings.
- Get estimates of future benefits.
- Print a benefit verification letter.
- Change your direct deposit information.
- Request a replacement Medicare card.
- Get a replacement SSA-1099/1042S.
- Request a replacement Social Security card, if you meet certain requirements.

Access to your personal *my* Social Security account may be limited for users outside the United States.

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## Call us

If you cannot use our online services, we can help you by phone when you call your local Social Security office or our National toll-free 800 Number. We provide free interpreter services upon request. You can find your local office information by entering your ZIP code on our office locator webpage.

You can call us at **1-800-772-1213** — or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing — between 8:00 a.m. – 7:00 p.m., Monday through Friday. **Wait times to speak to a representative are typically shorter Wednesdays through Fridays or later in the day.** We also offer many automated telephone services, available 24 hours a day, so you do not need to speak with a representative.

If you have documents we need to see, remember that they must be original or copies that are certified by the issuing agency.

***Income and Expenses Worksheet***

<b>Month and year</b>	<b>Amount of Social Security benefits or SSI payments received</b>	<b>Expenses for food and housing</b>	<b>Expenses for clothing, medical/dental, personal items, recreation, miscellaneous</b>

Totals for report period	\$ _____	\$ _____ Put this figure on line 3B of Form SSA-623	\$ _____ Put this figure on line 3C of Form SSA-623
Show the total of any benefits you saved for the beneficiary, including any interest earned.			\$ _____ Put this figure on line 3D of Form SSA-623

For extra worksheets, please copy this page before you use it or contact your local Social Security office to get more copies.

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## ***Notes***

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