



Understanding the Role of Social Security Representative Payee

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Understanding the Role of Social Security Representative Payee

The general policy of the Social Security Administration (SSA) is that beneficiaries have the right to manage their own benefits from SSA. However, there are two important exceptions to this general policy for beneficiaries deemed to need help [from a representative payee](#) to manage their SSA benefits:

- A beneficiary determined legally incompetent by a court; and
- A minor beneficiary, except that beneficiaries under age 18 may manage their own benefits if they are
 - filing an initial application for benefits within seven months of turning 18;
 - currently receiving Social Security Disability Insurance (SSDI) based on their own wage record;
 - serving in the military;
 - living alone and supporting themselves;
 - a parent with experience handling finances;
 - capable and no qualified payee is available.

In addition, SSA may determine that other beneficiaries need a representative payee in order to use the SSA benefits in her/his own best interests. SSA makes this decision based on a combination of medical and social service evidence and statements from relatives, friends, or others in a position to observe the beneficiary's behavior.

Beneficiaries determined legally incompetent by a court and most minors must have a representative in place to receive their benefits. However, most beneficiaries individually determined by SSA to need a representative payee can be paid their monthly benefit while the representative payee search and authorization is underway.

Responsibilities

The role of representative payee involves significant responsibility, and funds must be securely held and managed for the sole benefit of the beneficiary. The first priority is to pay for the beneficiary's basic needs, including food, shelter, clothing, medical needs and personal comfort items. Creditors need not be paid if debts occurred prior to the payee's appointment, unless the beneficiary's current and foreseeable basic needs are met. Guardianship fees not included as part of a state's support obligation may be paid if it is in the beneficiary's best interests and if the beneficiary's current and foreseeable personal needs are met. For beneficiaries in a non-Medicaid institution, payees should prioritize customary institutional charges and items that will aid in recovery or release, as well as expenditures for personal needs. Unless a doctor certifies that an institutionalized beneficiary will be unable to return to their residence, benefits may also be used to temporarily maintain the property. In the case of individuals who receive benefits other than SSI, such as SSDI, Child Disability Benefits, or Disabled Widow/er benefits, once their personal needs have been met, benefits may be used to support legal dependents.

Representative payees must also immediately notify the SSA of any developments in the beneficiary's situation that could affect benefit eligibility or payment amount, such as changes in other income, work, [marriage](#), [divorce](#), or living arrangement.

Representative payees must receive and hold the beneficiary's benefits as directed by SSA. In general, beneficiary and payee funds must not be commingled. One permitted exception is the use of a common checking account for all family members living in the same household who receive benefits. Children's savings, however, must be held in separate savings accounts for each child, with the child as account owner.

Payees must also maintain detailed records of all expenditures and, upon request, submit them to SSA. The general rule requires annual accountings. However, due to a recent change in the law, SSA no longer requires the following payees to complete an annual Representative Payee Report:

- Natural or adoptive parents of a minor child beneficiary who primarily reside in the same household as the child;
- Legal guardians of a minor child beneficiary who primarily reside in the same household as the child;
- Natural or adoptive parents of an adult beneficiary with disabilities who primarily reside in the same household with the beneficiary; and
- Spouse of a beneficiary

Note, however, that although these groups of payees no longer have to complete the annual Representative Payee Report, they remain responsible for keeping records of how the benefit payments are spent or saved, and for making all records available for review if and when requested by SSA.

SSA also recommends that representative payees play other beneficial roles, beyond their fiscal management duties, to improve the beneficiary's well-being and strengthen independence in important ways. These include:

- advising on budgets and other financial decisions;
- explaining Social Security benefits and making the beneficiary aware of all payments;
- negotiating with creditors and landlords;
- assisting the beneficiary in identifying community services.

Selection of Representative Payee

The representative payee selection process begins with individuals, organizations or institutions filing an application with SSA to serve as a beneficiary's representative payee. Most file an [online application](#) and must usually participate in a face-to-face interview. Persons convicted of fraud or certain other crimes are barred from serving. Creditors are not favored as payees but may be chosen where SSA determines there is no substantial risk to the beneficiary. The purpose of the selection process is to select a payee in the best position to know and look after the needs of the beneficiary.

In general, SSA gives preference to family members, those with a demonstrated concern for the beneficiary's well-being or persons who already have a legal relationship to the beneficiary in a position to know and act in the beneficiary's best interests. However, in some cases, SSA will choose a social service agency, custodial institution or third party payee.

SSA must provide the beneficiary with advance notice of the need for a payee and of the payee's selection. While the beneficiary has 60 days to appeal such notices, the beneficiary has 10 days to prevent the decision from going into effect while SSA considers the appeal. To support the appeal, the beneficiary must provide evidence of ability to manage the SSA benefits or a rationale for disputing the choice of representative. Representative payee applicants have no right to appeal. In addition, beneficiaries can apply to be their own payees at any time and present medical and other evidence of the ability to manage their SSA benefits in their own best interests.

If SSA has determined that a payee is needed but no suitable payee is currently available, SSA will pay monthly benefits to the beneficiary directly while the payee search and selection process continues, unless the beneficiary has been determined legally incompetent or is a minor to whom an exception does not apply. However, if SSA determines that direct payment would result in substantial harm, payments may be suspended for a maximum of 30 days, unless the recipient has a substance abuse condition.

Becoming a representative payee entails serious responsibilities and misuse of funds can result in criminal prosecution. But when the duties are undertaken with care and interest in the beneficiary's needs and preferences, the representative payee can make an important contribution to the individual's quality of life. Those who work with the beneficiary to understand and manage their own funds can contribute to the beneficiary's independence.

This article provides a general overview of representative payment. For the details on representative payment for both representative payees and beneficiaries, visit <https://www.ssa.gov/payee/>

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