

Alternatives to Guardianship (Part 6): Representative Payees

Hi there. I'm here to talk about representative payees. These are individuals or organizations appointed to manage income or benefits from government agencies and certain private pension companies. A representative payee acts on behalf of a minor or an adult who is unable to manage their benefits due to illness or a disability.

Let's look at Agencies with Representative Payee Programs.

CHAPTER HEADING: AGENCIES WITH REPRESENTATIVE PAYEE PROGRAMS

The Social Security Administration has one for people who receive Social Security or Supplemental Security Income known as SSI payments. A representative payee with the U.S. Department of Veterans Affairs is called a "VA Fiduciary." The Fiduciary, like a representative payee, manages VA benefits on behalf of a veteran or other beneficiary who is unable to manage their own affairs because of age, illness, or disability. The Office of Personnel Management and some private pensions companies also have representative payee programs.

You might be asking yourself - what does a representative payee do?

CHAPTER HEADING: WHAT DOES A REPRESENTATIVE PAYEE DO?

They receive and manage benefits on behalf of the person entitled to them, called the beneficiary. If you are a representative payee for another person, there are rules you need to follow. For example, you can only spend the money on their basic needs such as medical care, food, housing, and clothing. After those needs are met, you are responsible to save what is left in accordance with the agency's policies.

Each agency has different rules. Some will require you to file regular reports or certify the beneficiary is still eligible to receive benefits each year. You'll be expected to keep good records and notify the agency of significant changes including if the beneficiary moves, dies, or no longer needs a representative payee.

Who can serve as a representative payee?

CHAPTER HEADING: WHO CAN SERVE AS A REPRESENTATIVE PAYEE?

It depends on the agency. A family member may be eligible or possibly a friend of the beneficiary. Certain organizations may also qualify. Each agency has its own application and selection process. Keep in mind, a court-appointed guardian or an agent acting under a power of attorney do not automatically qualify; they must apply. It is also important to know that being appointed as a representative payee does not give the payee authority over the beneficiary's other property such as bank accounts, real estate, cars, and investment accounts. If a person is mentally competent, they can execute a power of attorney and select someone to manage these. If they are not mentally competent, they may also need a court-appointed guardian of the property.

Let's review.

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CHAPTER HEADING: LET'S REVIEW

Representative payees receive and manage income and benefits on behalf of someone who is not able to because of age, illness, or disability. The Social Security Administration, Office of Personnel Management, and some private pension companies have representative payee programs. A representative payee for the Department of Veterans Affairs is called a VA Fiduciary. Each agency has their own application and program requirements. Being a court-appointed guardian or agent under a power of attorney does not give you authority to manage agency benefits; you must apply to become a representative payee. To learn more about powers of attorney, watch part 5 of this series. Part 7 covers other ways to manage property.

I hope this information has been helpful. Thanks for watching.