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My Responsibilities as the Organizational Representative Payee for Supplemental Security Income Beneficiaries: A Best Practices Guide

October 2018, Pub. #5562.01

As a representative payee (rep. payee), you have a duty to act in the best interest of the beneficiaries you serve.¹ The three major responsibilities of the rep. payee are: money management; accounting and reporting; and advocacy.

I. Money Management

As a rep. payee, you must help the beneficiary with money management. This means you should help them spend their benefits to best meet their needs. You have to know how the beneficiary spends their money. This includes tracking other sources of money, if any, as well as current and future bills. This will allow you to manage the beneficiary's Supplemental Security Income² (SSI) or Title XVI funds so that all of the beneficiary's

¹ 20 CFR § 416.635; SSA POMS GN 00502.114 ('POMS' is a manual that SSA staff use to explain how to comply with Social Security rules.) You can see it at <https://secure.ssa.gov/poms.nsf/home!readform>. ([Return to Main Document](#))

² This publication focuses on the rules for SSI recipients. If a rep. payee is managing the Social Security Disability Insurance (SSDI) benefits or both SSI and SSDI benefits of a beneficiary, it is important to learn the differences in the rules. Sometimes SSDI rules are more flexible than SSI. ([Return to Main Document](#))

basic needs are met, while keeping enough money for fun activities and savings.³ It will also help prevent an overpayment.

Example of Effective Money Management

Sam receives \$1100 in SSI each month. His rent and utility bills are \$500 per month and he attends night school to become an electrician. Winter is coming. Sam's parents live in Hawaii. Sam lives in California and longs to see he parents. Sam has diabetes. His rep. payee is Frank who works for Homestead Rep. Payee Inc.

A rep. payee may take these steps to support Sam:

Frank speaks to Sam about his budget often. Whenever Sam gets SSI deposits in his correctly titled checking account, Frank uses it to pay Sam's rent and utilities and makes sure to meet his medical needs for that month. Frank and Sam have agreed to save \$100 each month for a plane ticket to Hawaii to visit his parents. Frank also asks Sam if he needs any warm clothes for the coming winter. Frank takes Sam to the nearest clothing store and helps Sam get a good discount on a nice coat.

After reviewing Sam's account balance for the month, Frank realizes that Sam will be slightly above his resource limit. Frank calls Sam and asks if it is okay for him to use some of the excess balance to pay for Sam's night school. Frank explains to Sam why they must pay the tuition in order to spend down Sam's balance to avoid an overpayment.

Frank then gives Sam \$100 for his personal and incidental (P&I) expenses. Sam likes to use the P&I for candy. The candy worsens his diabetes. However, Frank knows that once he has given the P&I to Sam he cannot stop Sam from spending it on candy. Instead, Frank meets with Sam to explain how Sam's eating candy may harm his health. Frank and Sam agree that the P&I can be reduced and saved so he can buy a new couch, instead candy.

a. Using the Money to Meet the Needs of the Beneficiary

Your main duty as the rep. payee is to help the beneficiary meet their basic needs.⁴ These needs include housing, food, clothing, healthcare, and comfort items. Use SSI funds to pay for those needs first before paying the

³ 20 CFR § 416.645 ([Return to Main Document](#))

⁴ 20 CFR § 416.640 ([Return to Main Document](#))

beneficiary's other bills, like past due debts.⁵ If there is any money left, you should ask how the beneficiary would prefer to use that money. You can use what is left for different things. This can include things to make life more comfortable, travel, more medical supplies, services to help the beneficiary be more independent, fun activities, and savings.

A rep. payee should find ways to save the beneficiary's money. For example, you could help the beneficiary lower their rent or find low-cost housing. You should also look for discounts for items like groceries and clothes.

Make a budget with the beneficiary that covers their needs, including the personal expenses (P&I).⁶ You can give the P&I to the beneficiary however he or she wants, but it is usually in cash.

Talk to the beneficiary about when and how he or she prefers to get the P&I. Some rep. payees give the P&I at the beginning of the month, every other week, or in small amounts every few days.

Once you give the P&I, you should not say how the beneficiary can spend it. You should not make the beneficiary keep track of how they spend the P&I or provide receipts, even if you disagree with how they spend it.

b. Communication

The best way to help with a beneficiary's SSI money is to speak with them often. This means you should reach out to the beneficiary at least every 2 weeks. Reach out even if the beneficiary does not contact you. If the beneficiary agrees, you can work with the beneficiary's social worker or service provider to pay for things the beneficiary needs. These can be items for therapy or activities to help them rebuild an ability. Speak often

⁵ 42 U.S.C. § 407; 20 CFR § 416.640(d) ([Return to Main Document](#))

⁶ "Personal Needs Allowance" is a term used for beneficiaries residing in long-term care facilities. However, you might hear it used as a term for spending money given to beneficiaries living in the community. ([Return to Main Document](#))

with your beneficiary to know what they need and how they want to spend their money.

When you speak with the beneficiary, tell them about the account balance. You should also ask if how you give them their money works for them. You should also ask about any other income or resources that they have, like wages, inheritance, or gifts. You do not want to pass the monthly income limit or go over resource limits. If you go over the limits, SSA can stop benefits.

Reporting correctly is even more important for people who receive SSI. Whether someone gets SSI and how much they get depends on how much income and resources they have. SSA can cut off a beneficiary for the months where they received benefits but passed the limits.⁷ To keep benefits and avoid an overpayment, know how much money and resources the beneficiary has. That way you can manage their SSI benefits and report changes to the SSA correctly.

If the beneficiary received income or resources that passed the limits, you must contact the beneficiary to help spend-down the amount. Ask them if they would like to spend the money on any past due bills or items they want. They may be over-resourced by a lot because, for example, they received a lump sum payment. Your duty as rep. payee will vary based on the source of the funds.⁸ You will have to report to SSA either way. You have no control over the lump sum unless it is from a retro-active SSI payment. For non-SSI lump sum payments, like an inheritance, you

⁷ The resource limits are \$2,000 for a single person, or \$3,000 for a couple—though there are exceptions to the countable resources. The income limits are more complicated as they change annually and vary depending on the source of the income and what state a beneficiary resides in. Some states, like California, supplement the benefits. There are many exceptions. Therefore, you should visit the [SSA website](#) for more details on income limits.

http://www.socialsecurity.gov/policy/docs/quickfacts/prog_highlights/
(Return to Main Document)

⁸ Please see DRC publication on lump sum payments on our [site](#),
<https://www.disabilityrightsc.org/system/files/file-attachments/560401.pdf>.
(Return to Main Document)

should work with the beneficiary and – with their consent – other people in the circle of support to decide the best way to use the funds. For example, you might buy burial services. You might work with someone who can set up a special needs or supplemental needs trust in a way that does not impact the benefits.⁹

II. Accounting and Reporting Obligations

The rep. payee must keep track of beneficiary expenses. The payee must also report all issues or changes to the local SSA office. An effective accounting system ensures that the annual report you make to the SSA is complete. It is also another way to know the beneficiary's financial needs. Careful tracking provides written proof in case SSA audits you. It also helps the beneficiary when they disagree with something SSA says.

a. Record Keeping

If you keep the beneficiary funds in a bank account, you must keep your own log to track the funds. This should include a running balance, deposits, and withdrawals. You should not rely on bank records. Each line item should have the reasons for withdrawals or the source of deposits.

You should also have a person other than the person who made the log compare the bank statements with the log and sign off on each review. Fresh eyes may find errors.

Receipts for all spending, except what the beneficiary spends with P&I, should be saved and noted in the log. Allow the staff person who will be comparing the records to see the receipts.

The rep. payee should also have a P&I log that shows all P&I given to the beneficiary. The log should include the amount given, the reason, the time, remaining P&I amount, and a space for the beneficiary to sign after receipt. P&I kept as cash must be locked. Also, if you give P&I in cash that you

⁹ You should contact an attorney specializing in special needs trusts to draft the trust to protect the SSI benefits. Depending on the source of the funds, there are specific requirements as to who is allowed to set up such a trust. See 42 U.S.C. Sec. 1396p(d)(4)(A) ([Return to Main Document](#))

keep on hand, you must keep track of who it belongs to each time you give it out.

b. Reporting to SSA

A payee must submit a report of beneficiary income to the SSA each year.¹⁰ You must report anything that affects the beneficiary's SSA eligibility right away. This includes any change that affects the beneficiary's living situation, work, schooling, income, medical condition, marital status or trips outside the U.S.A that last more than a month.¹¹ This is to avoid an overpayment. SSA can adjust the benefit amount or stop benefits if you report on time.

You must also tell the SSA if your organization is unable to continue as the rep. payee. This could be for health reasons, retirement, bankruptcy, mismanagement, or just because you want to get out of the business.¹²

In all cases, the payee should help the beneficiary find a new payee or with becoming their own payee. It is your duty to give any remaining balance to the new payee or back to the SSA if no one is found. The SSA will act as a temporary payee in such case.¹³ If the SSA assesses the case and finds it paid too much, it may keep some of the beneficiary funds to cover the overpayment.

If possible, get to know the local SSA administrator. This might speed up a response from the local SSA office. It might also help resolve problems about the beneficiary's SSI benefits.

III. Advocacy

Being a rep. payee is not just acting as a fiduciary. It also means that you must advocate to protect the SSI funds.¹⁴ If the beneficiary gets a Social Security letter about any changes in their eligibility or benefit amount, you

¹⁰ 20 CFR § 416.665 ([Return to Main Document](#))

¹¹ POMS SI 02301.005 ([Return to Main Document](#))

¹² POMS GN 00502.114 ([Return to Main Document](#))

¹³ 20 CFR 416.611 ([Return to Main Document](#))

¹⁴ POMS GN 00502.114 ([Return to Main Document](#))

should help them contact the SSA. This helps them continue to get funds. Your duty is really important if the SSA finds an overpayment during a time when you managed the beneficiary's money.¹⁵ To advocate for the beneficiary means to help them submit the right proof when they disagree with something SSA says. It also means going with them to meetings or hearings in front of the SSA or an administrative law judge (ALJ). You can help them explain their case. You should always ask the beneficiary if they want your help to fix an SSA issue.

a. SSA Mail

You will get mail from the SSA about things that affect the beneficiary.¹⁶ Open the letters when you get them. You might have to respond quickly. For example, if the beneficiary gets a letter saying SSA paid them too much, **you must tell SSA within 10 days** if you want the benefits to stay the same. This way SSA will not take money out of future checks right away.¹⁷ The letter in that case is called an Overpayment Notice. Another example is Continuing Disability Review (CDR) examinations notices. The SSA makes beneficiaries do these every now and then. They help show if a person still has a disability.¹⁸ The beneficiary may need to show proof of their disability to continue to get benefits. These things have time limits. You do not want to find these requests after they are due.

b. Appealing Decisions

You can appeal a decision that does not favor the beneficiary if done by the deadline. For example, you could appeal if SSA plans to stop or lower a

¹⁵ As a rep. payee, you may still be liable for any fines or overpayment assessed against the beneficiary if you failed to provide appropriate money management. 20 CFR § 416.552; POMS SI 02201.020 ([Return to Main Document](#))

¹⁶ POMS SI 02302.310 ([Return to Main Document](#))

¹⁷ POMS SI 02220.010A.5.a. However, the 10-day limit may be extended if you can show a good reason for filing late. POMS SI 0220.010A5.b ([Return to Main Document](#))

¹⁸ POMS DI 28001.003 ([Return to Main Document](#))

beneficiary's benefits. You could also appeal if SSA refuses the beneficiary's request to become their own payee.

The first step to appeal a decision is to file the Request for Reconsideration. You should appeal within 60 days of the decision. You can get more time if you can show a good reason for filing late.¹⁹ This can be done in a letter or by using the SSA form.²⁰ When you file the request you can say if you want a case review, an informal conference, or a formal conference. A case review means that the person looking over your case will only look at the written proof you have given SSA.²¹ An informal or formal conference gives you the chance to meet in-person with the Social Security worker at the field office. You can also bring witnesses.²² A meeting in person is a good idea because it lets the beneficiary explain themselves and answer any questions the SSA worker might have. In a formal conference, the beneficiary can look in their file for missing or troubling information that they can explain.

If the SSA denies the Request for Reconsideration, you can appeal to an Administrative Law Judge. You must appeal within 60 days of the decision.²³ You have to have a good reason to request an extension. At times, you have a better chance of winning at the ALJ level than in the field office. The ALJ has more power, knows the law better, and will keep more

¹⁹ POMS SI 04020.020B.2-3 SSA assumes you get the letter 5 days after the date of the notice. If it is beyond the 10 or 60-day limit you can try and demonstrate why you had "good cause" for filing late. ([Return to Main Document](#))

²⁰ You can get a copy of the Request for Reconsideration form from your local SSA office or online by going to this [site](http://www.ssa.gov/forms/ssa-561.pdf), <http://www.ssa.gov/forms/ssa-561.pdf>. ([Return to Main Document](#))

²¹ POMS SI 02301.300C.7 ([Return to Main Document](#))

²² POMS SI 04020.050 A formal conference lets you ask the SSA to force witnesses to show up even if they do not want to. This is called a subpoena. Even if you do not want to subpoena a witness at first, a formal conference saves your right in case you want to later. ([Return to Main Document](#))

²³ HALLEX I-2-0-60 (HALLEX is the Hearing, Appeals and Litigation Law Manual. It has the rules that SSA must follow in the appeals process.) ([Return to Main Document](#))

factors in mind. It might make sense to pay a lawyer to defend the beneficiary at the hearing. If you are acting as the advocate, it is best to give the ALJ a letter brief at least 2 weeks before the hearing. The brief should explain the reasons you appealed and why the judge should agree with you. You can also give the judge any additional proof you want the judge to see, like recent medical records or assessments. It is important to submit new proof before the hearing when you can.

At the hearing, there will be no attorney for the SSA. Instead, both the ALJ and the advocate will have a chance to ask the beneficiary and any witnesses questions. Besides the beneficiary's witnesses, the ALJ will usually get a vocational expert and often a medical expert. Although the beneficiary will not have the right to see any expert reports before the hearing, they can see the experts' résumés.²⁴ They can ask the experts questions about their work background.

It is best to prepare the beneficiary before the hearing to calm their nerves. You can do this by explaining the process. You could also practice asking and answering questions.

If you disagree with an ALJ's decision, you can appeal to the Appeals Council (AC). You must appeal within 60 days of the ALJ's decision.²⁵ The AC can say whether they do or do not want to look at your case. They can dismiss, deny, or grant the appeal.²⁶ If they grant the appeal, the case may be sent back to the ALJ for a second look. This often takes a while.

If the AC dismisses or denies the appeal, the beneficiary can appeal to Federal District Court within 60 days.²⁷ This is a much harder process. You should speak with a lawyer.

²⁴ See HALLEX I-2-1-30 ([Return to Main Document](#))

²⁵ HALLEX I-3-1-1 ([Return to Main Document](#))

²⁶ HALLEX Chapters I-3-4 through I-3-8 ([Return to Main Document](#))

²⁷ HALLEX I-4-1-2 ([Return to Main Document](#))

c. Overpayment Appeals

Beneficiaries often get letters that say they got paid too much. These are called overpayment notices.²⁸ These can cause stress for beneficiaries who rely on SSI to pay for their needs. SSA sends these notices when it thinks it sent more money than the beneficiary had a right to. These letters can be about something recent or something that the SSA says happened years before. The beneficiary will have to pay the money back unless they win an appeal or the SSA waives the amount. It does not matter how much time has passed or if the beneficiary already spent the money. The process to appeal is the same as described above, though you must consider other things.

You must read the notices carefully because they can have errors. At times, the beneficiary can show that certain expenses lowered their income.²⁹ Those expenses might mean SSA paid them the right amount.

Examples of Allowable Expenses

The beneficiary may have Impairment-Related Work Expenses (IRWEs) like medication, personal assistance, or accommodated transportation. These let him or her work without counting towards income.

A work incentives program like PASS is another example. It lets the beneficiary to save income for vocational training and other specified expenses. SSA does not count this money when it adds up the income for each month.

The first step to appeal an overpayment notice is for the beneficiary to file the Request for Reconsideration. You can also ask the SSA to “stay recovery” while you file for reconsideration. If you do, the SSA will not ask you to pay back the overpayment until the appeal is over. If you do not ask

²⁸ For more detailed information on what to do about an SSI overpayment please refer to our publication “SSI Overpayments” which can be found on our [website](http://www.disabilityrightsca.org/pubs/542101.html), <http://www.disabilityrightsca.org/pubs/542101.html>. ([Return to Main Document](#))

²⁹ For more information, visit this [site](http://www.ssa.gov/oact/cola/incomexcluded.html), <http://www.ssa.gov/oact/cola/incomexcluded.html>. ([Return to Main Document](#))

SSA to stay the recovery, they will take money from next month's benefit check and all checks after that until the amount is paid off. You have to make **this request within 10 days of receipt of an overpayment notice.**³⁰ If this request is not made in time and you gave no good reason for filing late, or if your appeal is denied, the SSA will take money from the benefit amount. They generally may keep 10% of a monthly benefit check for repayment.³¹ If that amount will keep the beneficiary from paying for his or basic needs, you can ask to pay back a smaller monthly amount.³²

If the Request for Reconsideration is denied, you may ask for a hearing by an Administrative Law Judge (ALJ) as described in section III.b. above.³³

If your appeal fails and there is an actual overpayment, you can file a "Request for Waiver". By filing a waiver, you are saying that the beneficiary was overpaid, but they should not have to pay it back because to do so would not be fair.³⁴

IV. What a Rep. Payee is NOT

A rep. payee may only help a beneficiary with managing his or her Social Security income. That means the rep. payee cannot make healthcare decisions or other financial decisions not tied to the SSI benefit. If the beneficiary is getting other money from work or family, for example, the rep. payee may not control those funds. They also should not deposit non-SSI money into the same account that holds the beneficiary's SSI income.

³⁰ You can briefly write the reason for your request for consideration on the form to get it filed in time. Later, you can provide a more detail about your appeal. ([Return to Main Document](#))

³¹ POMS SI 02220.016 ([Return to Main Document](#))

³² POMS SI 02220.017A.1-2 ([Return to Main Document](#))

³³ You can get the request for hearing form from your local SSA office or [online](http://www.ssa.gov/forms/ha-501.pdf) at <http://www.ssa.gov/forms/ha-501.pdf>. ([Return to Main Document](#))

³⁴ POMS SI 02260.001. Both the Reconsideration review and the Overpayment Waiver issues may be heard by the ALJ at the same time. ([Return to Main Document](#))

Example of Rep. Payee Duty for Non-SSI Income

Sam gets \$1100 a month in SSI. He works 3 days per week at the local grocery store. Sam will also get a large inheritance from his father.

Sam's rep. payee should manage the SSI income. However, he should tell Sam he may spend his wages any way he would like. Wages are not connected to his SSI. Sam is also free to manage his inheritance on his own without the rep. payee.

However, the rep. payee must tell the SSA about Sam's wages and inheritance when he gets it. The rep. payee should work with Sam to help him spend down the inheritance on things he needs. Doing so will ensure Sam will not have too much money in resources. If he does, he could get an overpayment.

If Sam cannot spend down the money in time, the rep. payee should look into setting up a special needs trust. Someone other than the rep. payee or Sam should create it. If the trust is set up correctly, the money in it will not affect Sam's SSI.

V. How do I Hold Beneficiary Funds?

The rep. payee may deposit the beneficiary's SSI benefits into either an individual or a collective bank account. However, collective accounts have specific rules (see list below).³⁵ These accounts should not charge the beneficiary fees. If the accounts have fees or bank charges, you should work with your banker to have them waived. Credit unions and small local banks are often more willing to waive fees.

Before you create a collective account, consider:

1. You must clearly identify each beneficiary's share of money in the account through record keeping;
2. If the account earns interest, you must be able to pay the interest to each beneficiary based on their share of the account;
3. Each beneficiary can only use his or her money;
4. Beneficiaries should not have a debit card to access the account; and

³⁵ POMS GN 00603.020 [\(Return to Main Document\)](#)

5. SSA must review and approve the collective account in writing.

An individual account must have the SSI money of only one beneficiary. If you are the rep. payee for only a few beneficiaries, using individual accounts may be the best way to track each person's money and account balance.

If you are the rep. payee for many beneficiaries, you can hold their SSI money in a collective account. A collective account works like a joint checking account where all the beneficiaries share one account number. If you use this type of account, you must make sure that the funds of each beneficiary are used only for their benefit. Separate records must be kept for each beneficiary. Also, you may not use money in this account for costs related to running your agency. For example, you cannot use this money to pay for postage or office supplies.

You may give a debit card to beneficiaries with individual accounts. However, the debit card should be limited to the P&I amount that you have agreed to give the beneficiary. This limit protects the beneficiary from overdraft fees if he or she withdraws more money than there is in the account.

You should never keep beneficiary funds as cash in a locked box. Withdrawals from a locked box are hard to track, which makes proper accounting of beneficiary balances difficult. In addition, a locked box creates a high risk of theft, since anyone with a key can access the money.

a. Titling the Account(s)

The account, whether collective or individual, must clearly show in its title that the funds belong to the beneficiary. You or your organization only manage the account as rep. payee. An account with only your organization's name on the title will not be acceptable.³⁶

Generally, the title must show that the account belongs to either an individual or group of beneficiaries and is managed by a rep. payee.

³⁶ POMS GN 00603.010 [\(Return to Main Document\)](#)

Bank Account Titling Examples:

Wrong: “Homestead Rep. Payee Inc. Account”

Right: “Social Security Beneficiary Account Managed by Homestead Rep. Payee Inc.”

“Homestead Rep. Payee Inc. on Behalf of Social Security Beneficiaries”

“Social Security Beneficiary Sam Rep. Payee Trust Account”

b. Commingling of Funds

Generally, the rep. payee may not deposit any beneficiary’s SSI into an account with non-beneficiary funds. A non-beneficiary account might be a business operating account or an account with money belonging to clients who do not need for a rep. payee. That practice is called “commingling”.³⁷ If you commingle funds, it is considered mismanagement of beneficiary funds. The SSA might also treat it as fraud. If the SSA suspects fraud, they may audit or investigate you.

Commingling can hurt the beneficiary in other ways. Generally, at least 2 months of a beneficiary’s SSI benefits are protected from creditors.³⁸ However, if you commingled their SSI with other money, it makes it hard to tell what belongs to the beneficiary. The beneficiary may then lose that protection. There, the beneficiary’s or rep. payee’s creditors may access the SSI to pay back debts.

This practice can also cause overpayments. Say you put the SSI in an account with your operating money. The SSA may think the rep. payee’s operating money also belongs to the beneficiary, which may put them over the resource limit. SSA would then assess an overpayment.

It can be hard to tell operating money from SSI benefits in a commingled account. You might use beneficiary funds for costs like building repairs or staff pay by accident. You should never use a beneficiary’s money to pay for operating costs.

³⁷ POMS GN 00603.010 ([Return to Main Document](#))

³⁸ 42 U.S.C. § 407 ([Return to Main Document](#))

c. Conduit Payee Practices

A “conduit payee practice” is when the rep. payee gives all of the beneficiary funds to either the beneficiary or a third party to manage. The third party might be an individual or an organization. The SSA strongly discourages this practice. Acting as a conduit payee may mean SSA removes you from being a rep. payee.³⁹

Conduit payee practice often happens when the beneficiary lives far from the rep. payee. This may happen if the beneficiary lives in group home or uses an independent living (ILS) provider. The rep. payee, who lives far away, signs a check for the entire monthly SSI amount directly to the third party. The third party might be the group home director or the ILS provider. The third party then uses the money to pay for rent and other expenses and gives the rest of the money as P&I to the beneficiary.

Possible Problems with Conduit Payee Practice:

Frank the rep. payee lives 50 miles from Sam, who lives in a group home. Sam has lived at the group home for 10 years. He gets along with the group home director, Adam. Frank and Sam rarely meet in person because of the distance between them.

Every month Frank writes a check to Adam for Sam’s entire \$1100 SSI amount. Adam uses \$1,000 to pay for group home fees. He then gives the rest of the money (\$100) to Sam every few days as P&I. Frank does not track when and how Adam gives the P&I to Sam.

At the end of the year, Frank calls Sam to check up on him. He finds out that Sam has only been getting \$60 a month in P&I. Sam rarely worked with Adam to budget his P&I money. Adam tells Frank he does not know what happened to the missing \$40 each month. He never kept a ledger of money he got from Frank.

It is impossible after a year to find out who took Sam’s missing \$40 each month. As a result, Sam has been defrauded. He could not spend his money for things he needed because someone stole it.

³⁹ POMS GN 00608.044; POMS GN 00605.066 ([Return to Main Document](#))

As a conduit, the rep. payee does not actually manage the beneficiary's SSI. Instead, this duty transfers to a party who has no oversight or accountability for how they handle the money. The beneficiary also cannot work with their rep. payee to budget their money and meet their needs. This practice also creates a risk of mismanagement, fraud, or theft.

The SSA does not always forbid conduit payee practice. If allowed, there must be clear written instructions to the third party about how to handle the beneficiary's funds. The rep. payee will also need to have frequent direct contact with the beneficiary.⁴⁰

If you are a conduit payee to a third party, consider if the third party should become the beneficiary's rep. payee. This may make the most sense if the third party knows the beneficiary well and interacts with him or her every day. If you are a conduit because you live too far away from the beneficiary, consider helping the beneficiary find another rep. payee closer. You could also help the beneficiary become their own payee if he or she is capable.

Sam tells Frank he feels ready to become his own payee. Frank agrees. He works with Sam to come up with a plan for Sam to manage his own money.

Frank starts by increasing Sam's P&I with clear written directions that Sam should spend it on rent and school tuition. Sam also needs to keep enough left over for allowance and savings. Frank puts the rest of the money in Sam's individual checking account and monitors his spending.

Frank also helps Sam ask for letters from his friends, therapist, and doctor, who support him becoming his own rep. payee. They write that Sam has increased his ability to handle his own money. As an example, they talk about how Sam has been responsibly saving his P&I every month instead of buying candy. As a result, his diabetes has improved.

⁴⁰ POMS GN 00605.066 ([Return to Main Document](#))

VI. Helping the Beneficiary to Become His or Her Own Payee

The rep. payee should consider if the beneficiary can become his or her own payee. To reach this goal, work with the beneficiary to come up with a plan to increase independence. For example, you might give the beneficiary more P&I to pay for his or her own rent and bills. At the same time, you will have to make sure the beneficiary is keeping up with their new responsibilities. The rep. payee could also work with trusted local businesses to help the beneficiary with financial transactions.

Giving too much financial control to the beneficiary may be considered a conduit payee practice. The SSA may think you are no longer doing your duty as rep. payee. To prevent this, you should have a clear written plan saying how the beneficiary should spend his or her money.

Gather proof that the beneficiary can manage his or her own money. Friends, family, therapists, and even local businesses can help with this process. They can write statements supporting the beneficiary's ability manage money on their own.⁴¹

Then, if the beneficiary wants to become their own payee, contact the local SSA office. Ask them to review if the beneficiary can manage his or her own SSI.⁴² Make this request in writing and attach copies of all supporting statements.

VII. Your Rep. Payee Service is Much Needed!

Your role as the rep. payee is important to the beneficiary. Your careful management of his or her funds helps the beneficiary buy things they need and save money. Helping the beneficiary save money serves their best interest and increases their independence. You are essential in teaching

⁴¹ POMS GN 00502.050 ([Return to Main Document](#))

⁴² See page 22 of this document for the form you need. You must contact your local SSA office to get an assessment and fill out the form in person. ([Return to Main Document](#))

life skills like budgeting, accounting, balancing, and shopping for the best deals. Thank you!

APPENDIX SSA Appeals at a Glance

Initial Determinations

If you do not agree with an “initial determination” by the SSA, you have a duty to assist and advocate for the beneficiary in an appeal. Initial determinations can include eligibility, benefit amount, overpayments, and denials of beneficiary’s request to become own payee.

60 days to file after you receive unfavorable notice/decision* *(**10 days** to ask for continued full payments during initial appeal).

Reconsideration

- SSA staff in the field office (FO) can decide the appeal.
- You can ask for a conference with a hearing officer or a case review on papers alone. You may bring witnesses and new evidence.
- Use Form SSA-561 or SSA-789 or write a letter to SSA (usually to FO) requesting reconsideration.

60 days to file after you receive reconsideration decision*.

Hearing

- Use Form HA-501 or write a letter to the SSA (usually to the FO) to request appeal.
- Appeal will be decided by an administrative law judge (ALJ) at the local Office of Adjudication and Review (ODAR).
- You can ask for an on the record review (OTR) based on the papers if the issue is straightforward. If it is not granted you will have a hearing.
- ALJ may call a vocational expert and/or medical expert. You may bring witnesses and give additional evidence.
- A pre-hearing letter brief and new evidence is recommended before hearing.

60 days to file from receipt of hearing decision.

Appeals Council

- Appeal will be decided by the Appeals Council (AC) in Virginia without a hearing.
- The AC will grant, deny or dismiss your request without looking at the merits.
- Use Form HA-520 or write a letter SSA (usually to ODAR) requesting review.
- If you do not have time to submit a letter brief or new evidence with the request for review you can submit a written request for additional time to submit evidence.

60 days to file from receipt of Appeals Council notice of action.

Federal Court

- Your appeal will be decided by a judge in U.S. District Court without a hearing.
- This is a more formal filing process. You will need to check with your local rules of court for specifics.
- There is a fee for filing in District Court. If the beneficiary cannot afford to pay the fee he or she can file a request to proceed In Forma Pauperis.
- The decision will be based on the written transcript which will include all exhibits and appeals submitted. You are also expected to file a formal legal brief to support your appeal

Disability Rights California is funded by a variety of sources. For a complete list of funders, go to our website, <https://www.disabilityrightsca.org/pod/list-of-funding-grants-and-contracts>.