



Protecting your Social Security payout

The special case for designated decision-makers and Social Security.

One in three seniors will die with dementia.¹ It's a sobering statistic, and when you consider it alongside increasing longevity, it's easy to see why planning for the potential impact of diminished capacity on your or a loved one's future finances is critical.

More than 5 million Americans are living with Alzheimer's and more than 15 million Americans are providing unpaid care for someone struggling with dementia.¹ Numbers like these prove that planning for the possibility of long-term care and who will make decisions if you can't isn't simply smart, it's necessary. And doing that planning now – before you have the need or are unable to share your wishes – is essential.

PROTECTING YOURSELF

While you may think creating legal documents that grant authority for someone to act on your behalf, financially or even medically, will be enough to protect your wishes, in some cases, more is required.

When it comes to handling Social Security payments for a disabled senior, establishing powers of attorney, medical

directives or guardianship arrangements are not enough. The Social Security Administration (SSA) requires a special designation known as representative payee.

A representative payee is someone who acts on behalf of another person who is incapable of representing themselves and is responsible for directing payouts exclusively to meet a beneficiary's needs. The SSA may determine that an individual is incapable of managing their benefits and would then appoint a representative payee. Family members may also consult the SSA if they believe their family member necessitates a representative payee. Generally, a family member or friend serves as representative payee. If friends or family are not able to serve as payees, the SSA will look for qualified organizations to be representative payees.

The SSA requires that all legally incompetent adults and most minor children (a disabled child or young adult entitled to Supplemental Security Income, for example) have a representative payee. In most cases, the person in this role cannot be paid for the work they do on behalf of the incapacitated person. And the SSA requires them to keep careful records.

¹Alzheimer's Association, "2017 Alzheimer's Disease Facts and Figures," 2017

A critical thing to keep in mind about the responsibilities of acting as a representative payee is that the permissions that accompany the role do not extend to other facets of your affairs. Making medical decisions or signing legal documents on your behalf will still require that someone be granted powers of attorney or guardianship.

PROTECTING A LOVED ONE

If you assume the role of representative payee, the SSA offers a range of resources via ssa.gov, including a series of training videos, a downloadable guide and a frequently asked questions page.

The process will likely require a trip to a Social Security office and a completed SSA-11 form explaining why the beneficiary needs assistance and why they have selected you for the job.

Recall, too, that this designation will be in addition to any other legal or medical role you might be playing for your loved one. It's one piece of the larger whole that, with forethought and planning, can help ensure your loved one's – or your own – future is planned for.

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