

Report Summary

Social Security Administration Office of the Inspector General

February 2011



Objective

To determine whether beneficiaries with representative payees had benefits deposited in improperly titled bank accounts.

Background

The Social Security Administration (SSA) can appoint a representative payee who receives and manages benefits on behalf of the beneficiary.

The bank account where benefits are direct deposited must be titled to establish the beneficiary's ownership of the funds but at the same time restrict the beneficiary's direct access to the funds.

Proper account titling allows Federal Deposit Insurance Corporation (FDIC) protection with FDIC-insured financial institutions and protects beneficiary funds from claims by a representative payee's creditor.

To view the full report, visit
http://www.ssa.gov/oig/ADO_BEPDF/A-01-09-19055.pdf

Improperly Titled Bank Accounts for Beneficiaries with Representative Payees (A-01-09-19055)

Our Findings

Based on our review, we estimate approximately \$307 million in annual benefits (or nearly \$26 million each month) was directly deposited into improperly titled bank accounts. These improper titles (1) allow the beneficiaries to have direct access to their own funds, even though SSA determined they were incapable of managing their own finances; and/or (2) do not authenticate the beneficiaries' ownership of the funds, as well as the representative payee's non-personal interest of the funds. If the beneficiary is not restricted from accessing his/her benefits or allowing other individuals to access the funds, the representative payee may not be managing funds on behalf of the beneficiary's best interests. This may lead to a beneficiary's needs (such as food, clothing, shelter, and medical care) not being met.

Our Recommendations

1. Issue a reminder on proper bank account titling to staff who appoint representative payees and who assist representative payees to establish/change direct deposit information.
2. Follow up with a representative payee when the Representative Payee Report indicates an improper bank account title.
3. Consider revising the Representative Payee Report to ask specifically how the bank account is titled (regardless of whether the representative payee saved any of the funds), and/or require that the representative payee include a copy of a bank document as proof of account title.

SSA agreed with Recommendations 1 and 3, but disagreed with Recommendation 2.