

ADULT OASDI BENEFICIARIES AND SSI RECIPIENTS WHO NEED REPRESENTATIVE PAYEES: PROJECTIONS FOR 2025 AND 2035

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For Social Security beneficiaries and Supplemental Security Income recipients who are not capable of managing their own benefit payments, the Social Security Administration (SSA) pays benefits to a representative payee. We estimate that the demand for representative payees will increase from 2.94 million beneficiaries in 2013 to 3.27 million by 2025 and to 3.56 million by 2035. Growth in the number of retired-worker beneficiaries by 2025, and the transition of the baby boom generation into the 85-or-older age category by 2035, account for much of the increased demand for representative payees. Although 71.1 percent of disabled-worker beneficiaries who need a payee have a family member serving in that role, only 57.3 percent of retired-worker beneficiaries do. SSA should be prepared to recruit payees in numbers sufficient to meet the future demand, and to devote the resources necessary to monitor payees and prevent their misuse of benefits.

Introduction

The Social Security Administration (SSA) sends monthly cash payments to people who qualify for benefits under the Old-Age, Survivors, and Disability Insurance (OASDI) program and to those who qualify for payments under the Supplemental Security Income (SSI) program. Some people who qualify for monthly payments under these programs have a health condition that prevents them from managing their benefit payments. When a program participant is deemed incapable of managing his or her own monthly benefit, SSA sends the payment to a representative payee—a person or organization designated by SSA to act on the beneficiary’s behalf.

Over the next two decades, the number of people receiving benefits from the OASDI and SSI programs will increase because of demographic factors such as the aging of the baby boom generation. The increase in the number of program participants will most likely lead to an increase in the need for representative

payees. Although many beneficiaries will have a family member who can serve as a payee, others will not, and SSA will need to find suitable representative payees for them. Expressing concern that SSA has not adequately planned for the increasing numbers of program participants who will need a representative payee, the Government Accountability Office (GAO, 2013) recommended that SSA estimate the long-term increase in the number of individuals who will need a payee, their demographic characteristics, and the

Selected Abbreviations

GAO	Government Accountability Office
MINT	Modeling Income in the Near Term
OASDI	Old-Age, Survivors, and Disability Insurance
SSA	Social Security Administration
SSI	Supplemental Security Income

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resources that will be needed to meet the increased demand. We address that recommendation by projecting the number and demographic characteristics of beneficiaries who will need a payee. These findings provide the foundation for a strategic plan to administer the representative payee program effectively in the future.

We use administrative data from SSA and program participation projections from Modeling Income in the Near Term (MINT) to estimate the increase in the number of adult OASDI beneficiaries and SSI recipients who will need a representative payee. We study beneficiaries aged 18 or older who are not receiving benefits as disabled adult children or as students aged 18–19. We focus on this group because minor children, disabled adult children, and students aged 18–19 generally have a parent or other family member serving as their payee. To develop our projections, we disaggregate program participants into groups categorized by beneficiary type and age. For each disaggregated group, we compute the proportion of participants with a representative payee and the distribution by type of payee. We then apply the group proportions and the distributions by payee type to the MINT program participation projections for 2025 and 2035. The disaggregated numbers allow us to account for changing distributions by age and type of beneficiary over time, and the results allow SSA to develop plans to target outreach efforts.

We estimate that the number of adult OASDI and SSI program participants who meet our study criteria and need a representative payee will increase from 2,941,037 as of December 2013 to 3,265,577 in 2025 and 3,558,915 in 2035. For beneficiaries whose representative payee is not a family member, we project an increase from 887,086 as of December 2013 to 1,008,175 in 2025 and 1,123,394 in 2035. The model projects that the increases between 2013 and 2025 are due primarily to greater numbers of retired-worker beneficiaries, and that the increases between 2025 and 2035 are due primarily to greater proportions of retired-worker beneficiaries who will be aged 85 or older. The projected growth in payee demand is relatively modest for disabled-worker beneficiaries. By 2035, the gap between the numbers of retired-worker beneficiaries and disabled-worker beneficiaries who need payees is projected to close. We conclude that SSA may need to (1) increase the number of payees to serve the growing demand from retired-worker beneficiaries; (2) bolster monitoring efforts to ensure that

payees do not misuse benefits; and (3) provide training to payees to reduce the incidence of elder abuse and financial exploitation.

Our estimates are subject to uncertainty because we assume that the December 2013 proportion of program participants who need a payee (and the distribution by type of payee) will remain the same in 2025 and 2035. However, competing hypotheses about future morbidity patterns support divergent alternative predictions of demand for representative payees (Ailshire, Beltran-Sanchez, and Crimmins 2015). One of these, the expansion-of-morbidity hypothesis, posits that improvements in life expectancy are associated with more years in poor health (Olshansky and others 1991). The logical corollary is that the need for representative payees will increase because greater numbers of long-term survivors are more likely to experience health declines and lose the capacity to manage their finances. Salomon and others (2012) provide recent evidence supporting the expansion-of-morbidity hypothesis. A competing hypothesis posits a compression of morbidity and predicts that substantial improvements in healthy behaviors and functioning will reduce years in poor health (Fries 2005), with the corollary that a smaller proportion of beneficiaries will need a representative payee. Recent research provides some evidence supporting the compression-of-morbidity hypothesis in the United States (Cutler, Ghosh, and Landrum 2014). We acknowledge these hypotheses, yet we believe our assumption that 2013 distributions will not change dramatically by 2035 is reasonable for strategic planning purposes. Nevertheless, we will monitor changes in the demand for representative payees by payee type over time and adjust our estimates as needed.

OASDI, SSI, and Representative Payees

OASDI is a social insurance program that pays monthly benefits to qualified retired and disabled workers and their dependents or survivors. A worker's payroll tax contributions and earnings determine eligibility and benefit amounts. Additional eligibility factors are age (for retired-worker and dependent benefits) and disability (for disabled-worker benefits). SSI is a means-tested program that guarantees a minimum level of income for needy aged, blind, or disabled individuals. Applicants must meet income and resource requirements to qualify for SSI payments, and those younger than 65 must additionally meet SSA's definition of disability. In December 2013, 54,805,000

people received benefits from only the OASDI program, 5,593,000 received payments from only the SSI program, and 2,771,000 received both OASDI benefits and SSI payments (SSA 2014b).

In such a large and diverse population of beneficiaries, not all recipients are capable of managing their own benefits. Therefore, the 1939 Amendments to the Social Security Act authorized SSA to appoint individuals or organizations to serve as representative payees on behalf of beneficiaries who cannot manage their own finances. By 2013, SSA cooperated with over 5.9 million payees handling \$74 billion in annual benefits for over 8 million beneficiaries (SSA 2014a).

SSA determines whether an OASDI beneficiary or SSI recipient needs a representative payee case by case. If SSA determines that a beneficiary is not capable of managing his or her benefits, or of directing someone else to manage them, SSA will select a suitable representative payee for that beneficiary. The determination is straightforward in some instances; for example, SSA assigns a representative payee to all beneficiaries aged younger than 15 and to adult beneficiaries declared by a court to be not legally competent. Payees must ensure that beneficiaries have all essentials of living, such as food, clothing, shelter, utilities, dental and medical care, and personal comfort items. Payees are also responsible for putting all unused funds into a savings account for the beneficiary.

Either individuals or organizations can serve as payees. Individual payees are not financially compensated for their duties; however, eligible organizational payees can charge a service fee after SSA grants written approval.¹ Organizational payees can include local or state mental institutions, nursing homes, nonprofit community-based organizations, or fee-for-service organizations.

Selecting Payees

SSA strives to choose payees with the utmost concern for beneficiaries. Overall, 79 percent of payees are members of the beneficiary's family, most commonly a parent or spouse. However, regardless of the relationship, all payees must apply and be approved to represent beneficiaries.

To select payees, SSA reviews applications, interviews applicants, and assesses applicants' ability to serve as payees. If more information about applicants is necessary, the agency looks to third-party sources before making a selection. In 2012, in an attempt to

further assure the selection of proper payees, SSA implemented a pilot program to bar individual payee applicants with certain felony records.² The agency formally adopted the criminal bar policy nationwide in February 2014. In 2013, SSA introduced an online tool known as "PayeeWiz," which provides field offices with criminal history information about applicants through the LexisNexis Accurint database. In this way, field offices can use third-party data to supplement applicant self-reporting when applying the criminal bar policy to prevent wrongful payee selection.³

Monitoring Payees

After payees are appointed, SSA monitors them to ensure that they fulfill their responsibilities to the beneficiary. Monitoring includes on-site reviews conducted every 3–4 years (depending on the type of payee), reviews of annual accounting forms that track how payees spent benefit payments, and interviews with both payees and beneficiaries. If monitoring detects the misuse of funds or inadequate representation, SSA either reeducates payees on their duties and responsibilities or removes them. Before removing a payee, SSA thoroughly investigates the case to ascertain the best option for the beneficiary.

Challenges Administering the Program

Congress and other observers have expressed concerns that the representative payee program, as currently structured, may be difficult for SSA to administer effectively in the future (GAO 2013, 1). GAO recommended that SSA estimate the long-term increase in the number of individuals who will need a payee as well as their demographic characteristics. We develop a methodology to project the need for representative payees in 2025 and 2035 and use data from SSA records and projections from MINT to produce our estimates.

Methodology and Data

Our methodology accounts for differences in the prevalence of beneficiaries who have representative payees by beneficiary type (OASDI retired worker, spouse, nondisabled widow(er), disabled worker, or disabled widow(er); and SSI) and age group. For example, we compute the percentage of retired-worker beneficiaries with a payee in each of four age groups: younger than 65, 65–74, 75–84, and 85 or older. We apply those percentages to population projections for each age category within each program to estimate

the number within the category who will need a payee in 2025 and in 2035. Finally, we compute the sum of the age-group estimates in each program to obtain a programwide estimate of the need for a payee, and then compute the sum of the programwide estimates to estimate the number of those who will need a payee overall. The equation below provides the mathematical representation of our estimate.

$$P_t = \sum_{i=1}^J \sum_{n=1}^N p_{i,n,2013} \cdot \widehat{Pop}_{i,n,t} ,$$

where P_t is our projection for year t , i represents one of J types of beneficiaries, n represents one of N age categories, $p_{i,n,2013}$ is the 2013 percentage of beneficiaries who have a payee for age category n within program i , and $\widehat{Pop}_{i,n,t}$ is the population projection for age category n within program i in year t (2025, 2035).

Accounting for differences in the percentage of beneficiaries who need a representative payee across programs and age categories is important. As baby boomers reach retirement age, the projected growth in the number of retired-worker beneficiaries is substantially larger than that of disabled-worker, survivor, and spousal beneficiaries. Because the use of representative payees is less prevalent among retired-worker beneficiaries than it is among disabled-worker beneficiaries, our approach will provide a more appropriate estimate than simply multiplying the overall prevalence in 2013 by the beneficiary population projections for 2025 and 2035 would. Similarly, although the growth in the number of retired workers will decrease between 2025 and 2035, the growth in the number of beneficiaries who need a representative payee is projected to increase, as greater numbers of baby boomers enter the 85-or-older age category. Because the need for a representative payee is more prevalent among beneficiaries aged 85 or older, our method will likewise provide a more appropriate estimate of the need for a payee than would simply multiplying the prevalence of payee need by the projected beneficiary populations for each program. Regardless of how they are calculated, the projected overall prevalences will differ from the 2013 overall prevalence because of changing demographic patterns.

We use administrative data from SSA's Master Beneficiary Record and Supplemental Security Record to calculate 2013 program participant counts and the proportions of participants with representative payees. We use these data to compute $p_{i,n,2013}$. The numbers

for the OASDI program match the numbers shown in Table 5.L1 of the *Annual Statistical Supplement to the Social Security Bulletin, 2014*. To avoid double-counting OASDI beneficiaries who also collect SSI payments, we restrict our SSI population to recipients who do not concurrently collect OASDI benefits.

Administrative data from SSA are limited in that they identify only the representative payees that the agency formally recognizes. However, in SSA (2010), the agency's Office of the Inspector General (OIG) identified some beneficiaries aged 85 or older who received help managing their finances without having a formally designated representative payee. In the vast majority of those cases, the OIG determined that a family member was providing that help to the beneficiary. Therefore, holding other factors constant, our estimates will understate the true number of beneficiaries who receive help managing their finances. However, because almost all of the beneficiaries identified by the OIG received informal help from a family member, our estimates of beneficiaries aged 85 or older with a *nonfamily* representative payee should not be affected by that limitation in the administrative data.

We generate the 2025 and 2035 estimates of OASDI beneficiaries using Version 6 of SSA's MINT model. MINT6 provides a complete set of demographic and economic projections for all individuals born from 1926 through 2070, carried forward until death or 2099 (Smith and others 2010). MINT uses data from the 2001 and 2004 Surveys of Income and Program Participation (SIPP), administrative files current as of 2009,⁴ and assumptions from *The 2009 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*. MINT does not provide any information on children.

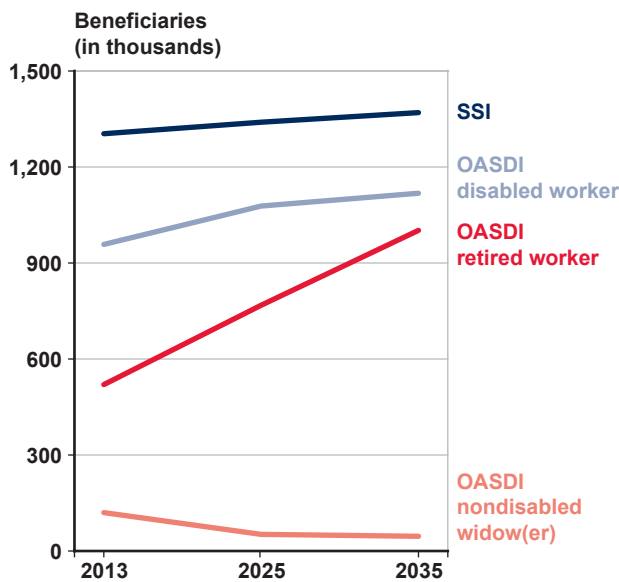
Results and Analysis

In this section, we discuss the use of representative payees as of December 2013 and the projected demand for payees in 2025 and 2035. For all three years, we present data on the distribution of payee demand by beneficiary type and age group, with detail for nonfamily payees. For 2013, we also present the percentage distributions of beneficiaries with payees, by type of payee. Although projections by detailed type of payee are not discussed in this section, tables showing the projected counts (rather than the percentage distributions) by type of payee appear in the Appendix.

In 2013, 42.7 percent of the payees who served retired-worker beneficiaries were nonfamily members, compared with only 28.9 percent for disabled-worker beneficiaries. The projected growth in the number of retired-worker beneficiaries, combined with their greater proportional need for nonfamily payees, indicates that SSA may need to prepare to recruit, screen, train, and monitor additional payees to serve those beneficiaries.

Chart 1 broadly summarizes the projected demand for representative payees among the four most populous beneficiary-type groups. Although the number of disabled-worker beneficiaries who need a payee will grow, it will do so much more slowly than that of retired-worker beneficiaries; in fact, as a proportion of all adult OASDI beneficiaries with a representative payee, disabled workers will decline (Chart 2). Interestingly, the number of nondisabled widow(er) beneficiaries needing a representative payee will decline in the future because increasing numbers of women will have entered the workforce and attained insured status during their working years and thus will receive retired-worker benefits on their own employment

Chart 1.
Number of adult OASDI beneficiaries and SSI recipients with representative payees, by selected beneficiary type: 2013 and projected 2025 and 2035



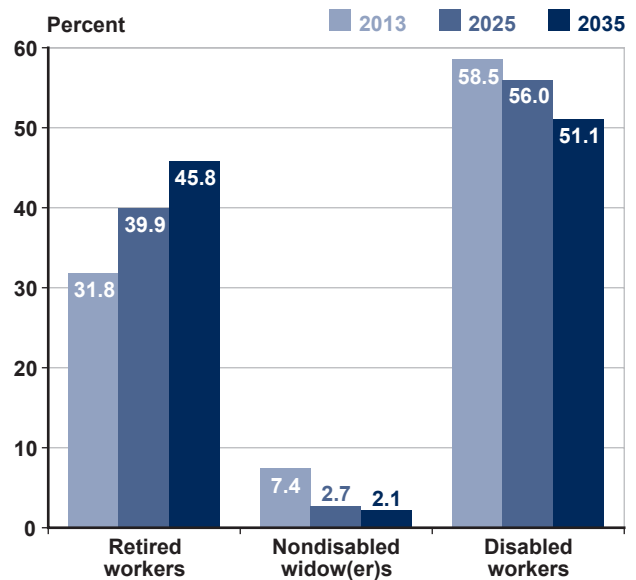
SOURCE: Authors' calculations using SSA records and MINT projections.

record. Chart 3 tracks the changing age distribution of retired-worker beneficiaries who will need a representative payee. Taken together, Charts 1–3 illustrate how the growth in the need for representative payees will be driven primarily by the increase in the numbers of (1) retired-worker beneficiaries as of 2025 because of the aging of baby boomers and (2) baby boomers who will have reached age 85 by 2035.

Use of Representative Payees in 2013

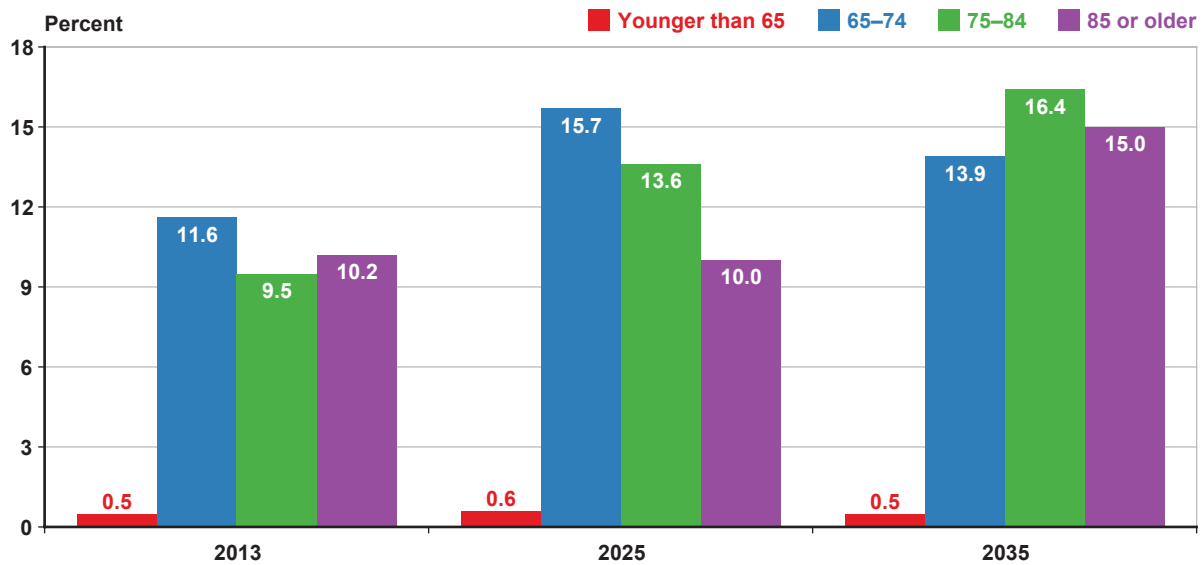
In December 2013, about 8.2 million of the 63.2 million OASDI beneficiaries and SSI recipients had a representative payee.⁵ More than half of those 8.2 million individuals were younger than 18 (Chart 4). Because the representative payee was a custodial parent, grandparent, or other relative in over 98 percent of those cases, we exclude child beneficiaries and recipients from our analysis. Among the remaining 3.7 million beneficiaries with a representative payee, 769,403 were disabled adult children or students aged 18–19. We also exclude those groups from our analysis, and for a similar reason: For the vast majority, their parents served as the

Chart 2.
Retired-worker, nondisabled widow(er), and disabled-worker beneficiaries as percentages of all adult OASDI beneficiaries with a representative payee: 2013 and projected 2025 and 2035



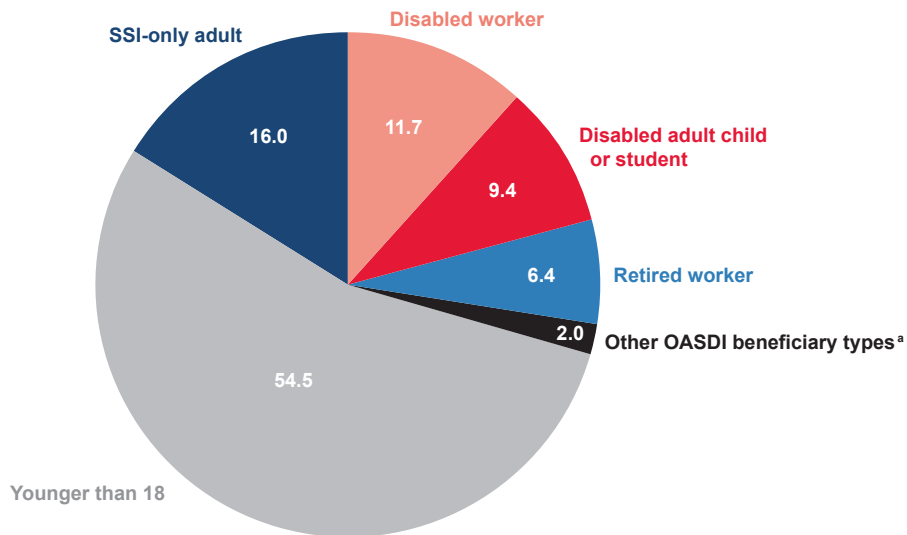
SOURCE: Authors' calculations using SSA records and MINT projections.

Chart 3.
Retired-worker beneficiaries in each of four age groups as percentages of all adult OASDI beneficiaries with a representative payee: 2013 and projected 2025 and 2035



SOURCE: Authors' calculations using SSA records and MINT projections.

Chart 4.
Percentage distribution of all individuals with a representative payee (comprising adult OASDI beneficiaries, by type; adult SSI recipients; and children, regardless of program), 2013



SOURCE: Authors' calculations using SSA records.

a. Nondisabled widow(er), 1.5 percent; spouse, 0.3 percent; and disabled widow(er), 0.2 percent.

representative payee. Thus, the group we study consists of adults (aged 18 or older) other than disabled adult children and students aged 18–19. Among the group of adult OASDI beneficiaries and SSI recipients we study, about 2.9 million (or 5.1 percent) had a representative payee.

In 2013, 1,636,106 (or 3.1 percent) of adult OASDI beneficiaries had a representative payee (Table 1). Within that group, 957,040 beneficiaries were disabled workers (58.5 percent), followed by 519,780 retired workers (31.8 percent) and 120,565 nondisabled widow(er)s (7.4 percent). The most prevalent types of representative payees for retired-worker beneficiaries were nonmental institutions such as nursing homes (29.6 percent), children (27.1 percent), relatives other than a parent or spouse or child (15.2 percent), and spouses (14.1 percent). For nondisabled widow(er) beneficiaries, representative payees were most often the beneficiary’s child (44.4 percent), a nonmental institution (33.6 percent), or a relative outside the immediate family (12.0 percent). The most prevalent types of representative payees for disabled workers were parents (29.8 percent), relatives outside the immediate family (19.0 percent), spouses (16.6 percent), and “other” (9.9 percent). According to SSA records, the “other” representative payee category comprises 10 subcategories, of which the three most common are friends of the beneficiary or of the beneficiary’s family, significant others or former spouses, and guardians.

Among adult recipients of SSI payments only, 29.9 percent had a representative payee (Table 2). The age distribution for this population was 91.9 percent aged 18–64, 4.0 percent aged 65–74, and 4.1 percent aged 75 or older (not shown). Overall, the most prevalent types of representative payees were parents (47.3 percent); other relatives, which in this context combines all relatives outside immediate family members and grandparents (16.2 percent); and “other” payees (8.5 percent). However, when focusing on retirement-age recipients (65 or older), we see a shift in the most prevalent types of payees. For recipients aged 65–74, the most prevalent types were other relatives (25.5 percent), children (25.1 percent), and nonmental institutions (19.5 percent). For recipients aged 75 or older, the proportion of representative payees who were the recipient’s child spiked to 46.0 percent, followed by other relatives (22.5 percent) and nonmental institutions (16.6 percent).

2025 Projections

We project that the number of program participants overall who need a payee will increase from 2.94 million in 2013 to 3.27 million by 2025, and the number who will have a nonfamily payee will increase by 114,336 to slightly more than 1 million as of 2025 (Table 3). For OASDI beneficiaries, the group with the largest increase in the need of a representative payee by 2025 is retired workers. We project that the number of retired-worker beneficiaries with representative payees will increase from 519,780 to 768,474—a difference of 248,694 beneficiaries, or 47.8 percent. Charts 2 and 3 highlight that rapid growth, which is due to the projected increase in the total number of retired-worker beneficiaries as baby boomers enter the program. That demographic shift is illustrated by the projected demand for payees in the 75–84 age group; by 2025, that group will experience the greatest rate of growth, with an increase of 107,270 beneficiaries, or 69.2 percent (Table 3). Finally, we project that the number of retired-worker beneficiaries who will need a nonfamily member to serve as their payee will increase from 221,784 in 2013 to 326,769 by 2025, indicating that SSA may need to devote additional resources to finding and monitoring payees for an additional 104,985 retired-worker beneficiaries.

The number of disabled-worker beneficiaries who need a representative payee will increase much more slowly than that of retired-worker beneficiaries. From 2013 to 2025, we project demand to increase from 957,040 to 1,077,868 disabled-worker beneficiaries, a difference of only 120,828, or 12.6 percent. The 35–44 age group will exhibit the greatest change, with its need for representative payees projected to increase by 70,602 beneficiaries, or 38.8 percent. We also project a relatively modest increase of about 28,605 disabled-worker beneficiaries who will need a nonfamily representative payee.

The demand for representative payees among nondisabled widow(er) beneficiaries is projected to decrease substantially by 2025 because of the growth in women’s labor force participation and the corresponding increase in their eligibility for retired-worker benefits based on their own earning record rather than that of a spouse. We project that the number of nondisabled widow(er)s with representative payees will decline to 52,899, a reduction of 67,666 beneficiaries, or 56.1 percent. The 65–74 age group shows the greatest rate of projected change, with a decrease of 14,519 beneficiaries, or 79.4 percent.

Table 1.
Adult OASDI beneficiaries with a representative payee, by type of payee and beneficiary type and age, December 2013

Beneficiary type and age	Total	With representative payee		Type of representative payee (percentage distribution)									
		Number	Percent	Parent ^a	Spouse	Child ^a	Other relative	Non-mental institution	Mental institution	Social agency	Public official	Financial organization	Other
All adult beneficiaries	53,565,990	1,636,106	3.1	17.9	14.6	16.1	17.2	17.1	2.5	4.8	0.9	0.5	8.4
Retired worker	37,892,659	519,780	1.4	0.9	14.1	27.1	15.2	29.6	1.5	3.3	1.2	0.4	6.7
Younger than 65	3,167,203	7,715	0.2	3.3	13.5	15.0	27.7	18.6	2.3	5.4	1.4	0.4	12.4
65–74	19,824,033	189,509	1.0	1.3	24.0	17.3	18.5	22.5	2.2	4.6	1.2	0.4	7.9
75–84	10,625,868	154,927	1.5	0.6	13.2	28.2	12.8	32.9	1.3	3.1	1.4	0.4	6.2
85 or older	4,275,555	167,629	3.9	0.7	3.7	37.6	13.2	35.2	0.8	1.8	1.1	0.4	5.5
Spouse	2,442,308	23,620	1.0	1.4	28.8	34.0	10.5	17.1	1.1	2.3	0.8	0.2	3.8
Younger than 65	311,349	2,513	0.8	5.5	48.4	20.3	12.1	4.9	1.1	2.6	0.6	0.3	4.1
65–74	1,251,166	9,965	0.8	0.8	29.6	31.3	11.4	16.3	1.6	3.3	1.0	0.2	4.5
75–84	714,235	7,693	1.1	0.9	25.1	36.8	9.3	21.4	0.9	1.5	0.7	0.2	3.2
85 or older	165,558	3,449	2.1	1.3	20.2	45.6	9.3	18.9	0.3	0.8	0.5	0.1	3.0
Nondisabled widow(er)	4,032,825	120,565	3.0	1.1	0.2	44.4	12.0	33.6	1.0	2.1	1.0	0.3	4.5
Younger than 65	584,424	2,455	0.4	10.0	0.2	41.8	24.3	10.1	1.4	3.6	0.9	0.3	7.2
65–74	1,175,655	18,282	1.6	0.9	0.3	40.5	16.0	28.1	1.7	4.4	1.3	0.3	6.5
75–84	1,198,541	36,353	3.0	0.8	0.2	43.0	10.8	35.6	1.1	2.4	1.2	0.3	4.6
85 or older	1,074,205	63,475	5.9	0.9	0.1	46.4	11.0	34.9	0.7	1.3	0.7	0.2	3.8
Disabled worker	8,940,950	957,040	10.7	29.8	16.6	5.7	19.0	8.3	3.3	6.0	0.8	0.5	9.9
25–34	510,785	156,864	30.7	64.6	4.4	0.1	11.4	3.8	2.5	4.8	0.5	0.4	7.6
35–44	1,030,662	181,778	17.6	47.5	11.5	1.1	13.7	5.7	3.3	6.1	0.6	0.5	10.0
45–54	2,462,661	277,363	11.3	25.2	17.2	5.3	20.9	8.1	3.7	6.8	0.8	0.6	11.4
55–FRA	4,936,842	341,035	6.9	8.1	24.4	11.2	23.8	12.0	3.3	5.8	1.0	0.5	9.9
Disabled widow(er)	257,248	15,101	5.9	5.1	0.5	36.4	25.6	12.5	2.1	5.4	1.0	0.4	10.8
Younger than 55	34,444	2,180	6.3	11.0	0.4	30.4	29.5	5.1	2.2	5.9	0.6	0.4	14.6
55–FRA	222,804	12,921	5.8	4.1	0.6	37.5	25.0	13.8	2.1	5.3	1.0	0.4	10.2

SOURCE: Authors' calculations using SSA records.

NOTES: Rounded components of percentage distributions do not necessarily sum to 100.0.

FRA = full retirement age.

a. Natural, adoptive, or stepparent/stepchild.

Table 2.
Adult SSI-only recipients with a representative payee, by type of payee and age of recipient, December 2013

Recipient age	Total	With representative payee		Type of representative payee (percentage distribution)										
		Number	Percent	Parent ^a	Spouse	Child ^a	Grand-parent	Other relative	Non-mental institution	Mental institution	Social agency	Public official	Financial organization	Other
All adult recipients	4,370,138	1,304,931	29.9	47.3	3.0	5.8	2.6	16.2	7.0	3.4	5.2	0.7	0.3	8.5
18–64	3,439,117	1,198,858	34.9	51.4	2.8	3.2	2.9	15.5	6.1	3.4	5.3	0.6	0.3	8.7
65–74	414,939	52,136	12.6	1.9	6.5	25.1	0.0	25.5	19.5	4.5	6.5	1.8	0.3	8.4
75 or older	516,082	53,937	10.5	1.1	4.4	46.0	0.1	22.5	16.6	1.9	2.5	0.8	0.1	4.1

SOURCE: Authors' calculations using SSA records.

NOTE: Rounded components of percentage distributions do not necessarily sum to 100.0.

a. Natural, adoptive, or stepparent/stepchild.

Table 3.**Number of adult OASDI beneficiaries and SSI-only recipients with any representative payee and with a nonfamily representative payee, by program and beneficiary type and age: 2013 and projected 2025 and 2035**

Beneficiary type and age	2013	2025	2035	Projected change from—		
				2013 to 2025	2025 to 2035	2013 to 2035
<i>Any representative payee</i>						
Overall	2,941,037	3,265,580	3,558,921	324,543	293,341	617,884
OASDI	1,636,106	1,926,004	2,189,442	289,898	263,438	553,336
Retired worker	519,780	768,474	1,001,985	248,694	233,511	482,205
Younger than 65	7,715	11,664	10,526	3,949	-1,138	2,811
65–74	189,509	301,904	305,180	112,395	3,276	115,671
75–84	154,927	262,197	358,443	107,270	96,246	203,516
85 or older	167,629	192,709	327,836	25,080	135,127	160,207
Spouse	23,620	13,006	12,148	-10,614	-858	-11,472
Younger than 65	2,513	1,952	2,022	-561	70	-491
65–74	9,965	5,072	4,852	-4,893	-220	-5,113
75–84	7,693	5,122	4,339	-2,571	-783	-3,354
85 or older	3,449	860	935	-2,589	75	-2,514
Nondisabled widow(er)	120,565	52,899	45,090	-67,666	-7,809	-75,475
Younger than 65	2,455	2,616	2,211	161	-405	-244
65–74	18,282	3,763	3,812	-14,519	49	-14,470
75–84	36,353	16,922	12,262	-19,431	-4,660	-24,091
85 or older	63,475	29,598	26,805	-33,877	-2,793	-36,670
Disabled worker	957,040	1,077,868	1,118,278	120,828	40,410	161,238
25–34	156,864	207,385	207,274	50,521	-111	50,410
35–44	181,778	252,380	252,097	70,602	-283	70,319
45–54	277,363	245,325	268,911	-32,038	23,586	-8,452
55 or older	341,035	372,778	389,996	31,743	17,218	48,961
Disabled widow(er)	15,101	13,757	11,941	-1,344	-1,816	-3,160
Younger than 55	2,180	1,802	973	-378	-829	-1,207
55 to FRA	12,921	11,955	10,968	-966	-987	-1,953
SSI	1,304,931	1,339,576	1,369,479	34,645	29,903	64,548
18–64	1,198,858	1,197,116	1,206,320	-1,742	9,204	7,462
65–74	52,136	77,747	74,901	25,611	-2,846	22,765
75 or older	53,937	64,713	88,258	10,776	23,545	34,321

(Continued)

Table 3.
Number of adult OASDI beneficiaries and SSI-only recipients with any representative payee and with a nonfamily representative payee, by program and beneficiary type and age: 2013 and projected 2025 and 2035—Continued

Beneficiary type and age	2013	2025	2035	Projected change from—		
				2013 to 2025	2025 to 2035	2013 to 2035
Nonfamily representative payee						
Overall	886,217	1,000,553	1,121,201	114,336	120,648	234,984
OASDI	559,907	661,376	774,855	101,469	113,479	214,948
Retired worker	221,784	326,769	431,498	104,985	104,729	209,714
Younger than 65	3,124	4,723	4,262	1,599	-461	1,138
65–74	73,699	117,409	118,683	43,710	1,274	44,984
75–84	69,989	118,449	161,928	48,460	43,479	91,939
85 or older	74,972	86,188	146,625	11,216	60,437	71,653
Spouse	5,977	3,258	3,011	-2,719	-247	-2,966
Younger than 65	343	266	277	-77	11	-66
65–74	2,674	1,361	1,303	-1,313	-58	-1,371
75–84	2,145	1,428	1,210	-717	-218	-935
85 or older	815	203	221	-612	18	-594
Nondisabled widow(er)	51,147	22,170	18,827	-28,977	-3,343	-32,320
Younger than 65	580	619	522	39	-97	-58
65–74	7,735	1,592	1,613	-6,143	21	-6,122
75–84	16,413	7,640	5,536	-8,773	-2,104	-10,877
85 or older	26,419	12,319	11,156	-14,100	-1,163	-15,263
Disabled worker	276,127	304,732	317,635	28,605	12,903	41,508
25–34	30,599	40,454	40,432	9,855	-22	9,833
35–44	47,561	66,034	65,958	18,473	-76	18,397
45–54	87,012	76,961	84,361	-10,051	7,400	-2,651
55 or older	110,955	121,283	126,884	10,328	5,601	15,929
Disabled widow(er)	4,872	4,447	3,884	-425	-563	-988
Younger than 55	626	518	279	-108	-239	-347
55 to FRA	4,246	3,929	3,605	-317	-324	-641
SSI	326,310	339,177	346,346	12,867	7,169	20,036
18–64	290,963	290,540	292,774	-423	2,234	1,811
65–74	21,369	31,866	30,700	10,497	-1,166	9,331
75 or older	13,978	16,771	22,872	2,793	6,101	8,894

SOURCE: Authors' calculations using SSA records and MINT projections.

NOTES: Data for 2013 are as of December.

FRA = full retirement age.

For recipients of only SSI payments, we project modest increases in the need for representative payees overall, with more substantial increases among recipients aged 65 or older. We project that by 2025, the number of recipients aged 65–74 with representative payees will increase by 25,611 (or 49.1 percent), and those aged 75 or older will increase by 10,776 (or 20.0 percent). However, the number of recipients aged 18–64 with a representative payee will stay relatively stable, declining slightly from 1,198,858 in 2013 to 1,197,116 in 2025. As with the 2025 OASDI projections, the rapid increase in the elderly population drives the overall SSI increase.

2035 Projections

We project that the number of program participants overall who need a representative payee will increase from 3.27 million in 2025 to 3.56 million by 2035 and that the number of participants who need a nonfamily payee will increase by 120,648 between 2025 and 2035 to 1.12 million. Demographic changes will continue to shift a greater share of program participants toward retired-worker beneficiary status, especially those aged 85 or older, who accounted for 10.2 percent of all beneficiaries with a payee in 2013 and will account for 15.0 percent of them in 2035 (Chart 3).

For 2035, we project that the number of retired-worker beneficiaries with representative payees will grow to 1,001,985—an increase of 233,511 (or 30.4 percent) from 2025 and of 482,205 (or 92.8 percent) from 2013 (Table 3). Among retired workers, the age group with the greatest change between 2025 and 2035 is 85 or older, which will increase by 135,127 beneficiaries (or 70.1 percent). The number of retired-worker beneficiaries with a nonfamily representative payee is projected to increase from 326,769 in 2025 to 431,498 by 2035, nearly doubling the 2013 count.

The number of disabled-worker beneficiaries who need representative payees will also continue to increase between 2025 and 2035, but more slowly. We project a population of 1,118,278 disabled workers with a representative payee by 2035, an increase of 40,410 beneficiaries (3.7 percent) from 2025 and of 161,238 beneficiaries (16.8 percent) from 2013. The age group with the greatest change between 2025 and 2035 (ages 45–54) will increase by 23,586 beneficiaries (9.6 percent). The number of disabled-worker beneficiaries with a nonfamily representative payee is projected to increase from 304,732 in 2025 to 317,635

by 2035, or 41,508 more beneficiaries than there were in 2013.

The demand for representative payees among nondisabled widow(er) beneficiaries will decline less dramatically between 2025 and 2035 than it will have between 2013 and 2025. We project that the number of nondisabled widow(er)s with payees will decline to 45,090 in 2035, a decrease of 7,809 beneficiaries (14.8 percent) from 2025 but of 75,475 beneficiaries (62.6 percent) from 2013. Among the age groups, the greatest change between 2025 and 2035 will occur for the group aged 75–84; its numbers will decline by 4,660 beneficiaries (27.5 percent). Yet the greatest proportional change between 2013 and 2035 will occur in the group aged 65–74, which will decrease by 14,470 beneficiaries, or 79.1 percent.

For recipients of only SSI payments, we project the greatest increase in demand for representative payees between 2025 and 2035 among recipients aged 75 or older. The model suggests that this population will reach 88,258 in 2035, an increase of 23,545 recipients (or 36.4 percent) from 2025 and of 34,321 recipients (or 63.6 percent) from 2013. We expect that the number of recipients aged 18–64 will also increase, but by less than 1 percent of the 2013 level. Specifically, this population is projected to increase by 9,204 recipients (or 0.8 percent) after 2025 and by 7,462 recipients (or 0.6 percent) after 2013. Conversely, we anticipate that the growth in the number of recipients aged 65–74 who need representative payees will stabilize by 2035, having decreased slightly (by 2,846 recipients, or 3.7 percent) after 2025.

Discussion and Conclusions

We estimate that the number of adult OASDI beneficiaries and SSI recipients who meet our study criteria and who need a representative payee will increase from 2.94 million in 2013 to 3.27 million by 2025 and to 3.56 million by 2035. The growth in the number of representative payees is driven primarily by growth in the retired-worker beneficiary population between 2013 and 2025 and by the 85-or-older age group's increasing share of that population as the baby boom generation ages between 2025 and 2035. As baby boomers become retired-worker beneficiaries in the coming years, the number who are estimated to need a representative payee will grow from about 520,000 in 2013 to about 768,000 by 2025. As they enter the 85-or-older age category in increasing numbers by

2035, the number of retired-worker beneficiaries who need a payee will continue to increase to about 1 million. In fact, the gap between retired-worker and disabled-worker beneficiaries who need payees will shrink considerably, from about 437,000 in 2013 to only about 116,000 by 2035.

The growth in demand for representative payees poses management challenges for SSA. Among disabled-worker beneficiaries who needed a payee in 2013, 71.1 percent had a family member serving in that role, but only 57.3 percent of retired-worker beneficiaries with a payee had a family member performing that service. Thus, SSA may not only need to find payees for an increasing retired-worker beneficiary population, it may also need to devote additional resources for monitoring far greater numbers of nonfamily payees to ensure that those payees do not misuse benefits.

SSA is planning for these challenges through several initiatives. First, the agency is conducting pilot projects to recruit more representative payees. One example, the Pro Bono Pilot, is designed to recruit lawyers in good standing to serve as representative payees as part of their required pro bono work. This project will begin in Maryland, and if it proves successful there, SSA plans to expand the pilot to other states. In collaboration with other federal agencies and organizations, SSA will also initiate two other pilot projects to recruit a new pool of payees, to provide them with interdisciplinary training designed to heighten awareness of elder abuse and exploitation, and to develop effective strategies for working with the banking community to help protect beneficiary assets.

Second, SSA is reexamining its methods of monitoring representative payees to protect beneficiaries from payee misuse of their benefits. Those methods will include the following:

- using public records to check the financial background (and any criminal history) of payees;
- sharing data with federal, state, and local organizations responsible for assigning guardians or payees;
- using predictive models to identify benefit-misuse risk factors and to target monitoring activities;
- providing interdisciplinary training on identifying and reporting elder abuse; and
- identifying best practices for monitoring payees.

Third, SSA is reaching out to other public and private organizations that serve the elderly population. By coordinating efforts with those organizations, the agency may be able to find ways to administer its representative payee program more efficiently. These efforts are in their early stages and will need to be sustained in order to address the needs of the growing retired-worker population.

Although our projections are subject to uncertainty, they indicate the scope of the challenges SSA will face in administering the representative payee program. As the agency gains more information on the need for representative payees, researchers will be able to reexamine our estimates and provide additional insight into the strategies that could help SSA manage the representative payee program most effectively.

Appendix

Table A-1.
Number of adult OASDI beneficiaries with a representative payee, by type of payee and beneficiary type and age, projected 2025 and 2035

Beneficiary type and age	Beneficiaries		Type of representative payee									
	Total	With representative payee	Parent ^a	Spouse	Child ^a	Other relative	Non-mental institution	Mental institution	Social agency	Public official	Financial organization	Other
2025												
All adult beneficiaries	72,502,321	1,926,004	355,121	290,764	291,087	327,656	332,827	47,474	91,989	18,640	8,725	161,721
Retired worker	59,267,974	768,474	7,320	115,678	200,656	118,051	224,299	11,729	26,090	9,660	3,061	51,930
Younger than 65	4,788,198	11,664	381	1,577	1,748	3,235	2,166	271	635	165	42	1,444
65–74	31,581,319	301,904	3,866	72,412	52,349	55,868	68,068	6,654	13,845	3,763	1,345	23,734
75–84	17,983,200	262,197	1,670	34,591	74,010	33,477	86,255	3,320	8,076	3,610	987	16,201
85 or older	4,915,257	192,709	1,403	7,098	72,549	25,471	67,810	1,484	3,534	2,122	687	10,551
Spouse	1,395,508	13,006	207	3,905	4,262	1,374	2,180	151	301	102	26	498
Younger than 65	241,898	1,952	108	946	395	237	96	22	51	12	5	80
65–74	636,860	5,072	43	1,500	1,589	579	825	82	167	51	9	227
75–84	475,415	5,122	45	1,285	1,886	478	1,096	45	76	35	11	165
85 or older	41,335	860	11	174	392	80	163	2	7	4	1	26
Nondisabled widow(er)	1,923,427	52,899	702	85	23,614	6,328	17,677	480	1,042	502	140	2,329
Younger than 65	622,692	2,616	262	6	1,094	635	265	36	95	25	9	189
65–74	241,962	3,763	35	12	1,523	601	1,057	63	165	49	12	246
75–84	557,881	16,922	138	38	7,278	1,828	6,029	179	404	210	46	772
85 or older	500,892	29,598	267	29	13,719	3,264	10,326	202	378	218	73	1,122
Disabled worker	9,680,807	1,077,868	346,200	171,021	57,531	198,384	86,932	34,821	63,812	8,244	5,439	105,484
25–34	675,291	207,385	133,989	9,027	201	23,714	7,876	5,148	10,008	1,007	742	15,673
35–44	1,430,963	252,380	119,971	29,102	2,748	34,525	14,313	8,335	15,368	1,638	1,215	25,165
45–54	2,178,205	245,325	61,907	42,113	12,975	51,369	19,891	9,093	16,714	1,975	1,438	27,850
55–FRA	5,396,348	372,778	30,333	90,779	41,607	88,776	44,852	12,245	21,722	3,624	2,044	36,796
Disabled widow(er)	234,605	13,757	692	75	5,024	3,519	1,739	293	744	132	59	1,480
Younger than 55	28,449	1,802	198	7	547	532	92	40	106	10	7	263
55–FRA	206,156	11,955	494	68	4,477	2,987	1,647	253	638	122	52	1,217

(Continued)

Table A-1.

Number of adult OASDI beneficiaries with a representative payee, by type of payee and beneficiary type and age, projected 2025 and 2035—Continued

Beneficiary type and age	Beneficiaries		Type of representative payee									
	Total	With representative payee	Parent ^a	Spouse	Child ^a	Other relative	Non-mental institution	Mental institution	Social agency	Public official	Financial organization	Other
2035												
All adult beneficiaries	82,470,374	2,189,442	363,633	317,037	368,309	365,608	413,502	51,086	99,831	21,730	9,779	178,927
Retired worker	69,191,670	1,001,985	8,922	133,984	279,090	148,491	304,035	14,035	31,622	12,498	3,916	65,392
Younger than 65	4,321,689	10,526	344	1,423	1,577	2,920	1,955	244	573	149	38	1,303
65–74	31,924,106	305,180	3,908	73,198	52,917	56,474	68,806	6,727	13,996	3,804	1,359	23,991
75–84	24,584,132	358,443	2,284	47,288	101,177	45,766	117,916	4,539	11,041	4,935	1,349	22,148
85 or older	8,361,743	327,836	2,386	12,075	123,419	43,331	115,358	2,525	6,012	3,610	1,170	17,950
Spouse	1,307,016	12,148	203	3,690	3,953	1,291	1,994	143	285	96	25	468
Younger than 65	250,393	2,022	112	979	409	245	100	23	53	12	6	83
65–74	609,025	4,852	41	1,434	1,520	554	789	79	160	49	9	217
75–84	402,774	4,339	38	1,088	1,598	405	929	38	64	30	9	140
85 or older	44,824	935	12	189	426	87	176	3	8	5	1	28
Nondisabled widow(er)	1,629,688	45,090	600	70	20,166	5,427	15,016	408	881	420	118	1,984
Younger than 65	526,623	2,211	222	5	925	537	224	31	80	21	7	159
65–74	245,106	3,812	36	12	1,542	609	1,071	64	167	50	12	249
75–84	404,317	12,262	100	27	5,274	1,325	4,369	130	292	152	33	560
85 or older	453,642	26,805	242	26	12,425	2,956	9,352	183	342	197	66	1,016
Disabled worker	10,137,515	1,118,278	353,348	179,226	60,697	207,372	90,896	36,247	66,400	8,599	5,668	109,825
25–34	674,935	207,274	133,918	9,022	201	23,701	7,871	5,145	10,003	1,007	741	15,665
35–44	1,429,362	252,097	119,837	29,070	2,745	34,487	14,297	8,325	15,351	1,636	1,213	25,136
45–54	2,387,625	268,911	67,859	46,162	14,222	56,307	21,804	9,967	18,321	2,165	1,576	30,528
55–FRA	5,645,593	389,996	31,734	94,972	43,529	92,877	46,924	12,810	22,725	3,791	2,138	38,496
Disabled widow(er)	204,485	11,941	560	67	4,403	3,027	1,561	253	643	117	52	1,258
Younger than 55	15,375	973	107	4	296	287	50	21	57	5	4	142
55–FRA	189,110	10,968	453	63	4,107	2,740	1,511	232	586	112	48	1,116

SOURCE: Authors' calculations using SSA records and MINT projections.

NOTE: FRA = full retirement age.

Table A-2.

Number of adult SSI-only recipients with a representative payee, by type of payee and age of recipient, projected 2025 and 2035

Recipient age	Recipients		Type of representative payee										
	Total	With representative payee	Parent ^a	Spouse	Child ^a	Grand-parent	Other relative	Non-mental institution	Mental institution	Social agency	Public official	Financial organization	Other
2025													
All adult recipients	4,672,084	1,339,576	617,570	41,003	87,636	34,345	219,845	98,516	45,178	69,521	9,318	3,446	113,198
18–64	3,434,122	1,197,116	615,401	33,111	38,343	34,268	185,453	72,622	40,442	62,878	7,431	3,145	104,022
65–74	618,769	77,747	1,449	5,028	19,550	6	19,847	15,163	3,521	5,057	1,399	228	6,499
75 or older	619,193	64,713	720	2,864	29,743	71	14,545	10,731	1,215	1,586	488	73	2,677
2035													
All adult recipients	4,901,093	1,369,479	622,510	42,115	98,035	34,635	225,836	102,424	45,803	70,396	9,502	3,490	114,733
18–64	3,460,522	1,206,320	620,132	33,365	38,638	34,532	186,879	73,181	40,753	63,361	7,488	3,170	104,821
65–74	596,121	74,901	1,396	4,844	18,834	6	19,120	14,608	3,392	4,872	1,348	220	6,261
75 or older	844,450	88,258	982	3,906	40,563	97	19,837	14,635	1,658	2,163	666	100	3,651

SOURCE: Authors' calculations using SSA records and MINT projections.

a. Natural, adoptive, or stepparent/stepchild.

Notes

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¹ For more information on fee-for-service payees, see sections 205(j)(4), 205(j)(6)(A)(ii), 1631(a)(2)(D), and 1631(a)(2)(G)(i)(II) of the Social Security Act.

² Although SSA always considered an individual's criminal history when determining suitability as a payee, the pilot program identified the specific felonies for which an applicant would be barred. A criminal record that included human trafficking, false imprisonment, kidnapping, rape/sexual offense, first degree homicide, robbery, fraud, fraud by scheme, theft of government funds/property, abuse/neglect, forgery, or identity theft would automatically bar an applicant from consideration.

³ For more information on the payee selection process, see section 205(j)(1) of the Social Security Act.

⁴ The administrative files used in MINT include the Detailed Earnings Record, the Summary Earnings Record, the Supplemental Security Record, the Master Beneficiary Record, and the Numerical Identifier (or Numident) file.

⁵ Our estimate of 8.2 million differs from the 8.6 million reported in GAO (2013) because GAO double-counted beneficiaries who were dually entitled for OASDI and SSI. GAO also included some beneficiaries who were coded as having a representative payee of "self."

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