

# *Cognitive Impairment and Social Security's Representative Payee Program*

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Joining Forces to Improve the Representative Payee Program  
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# Introduction

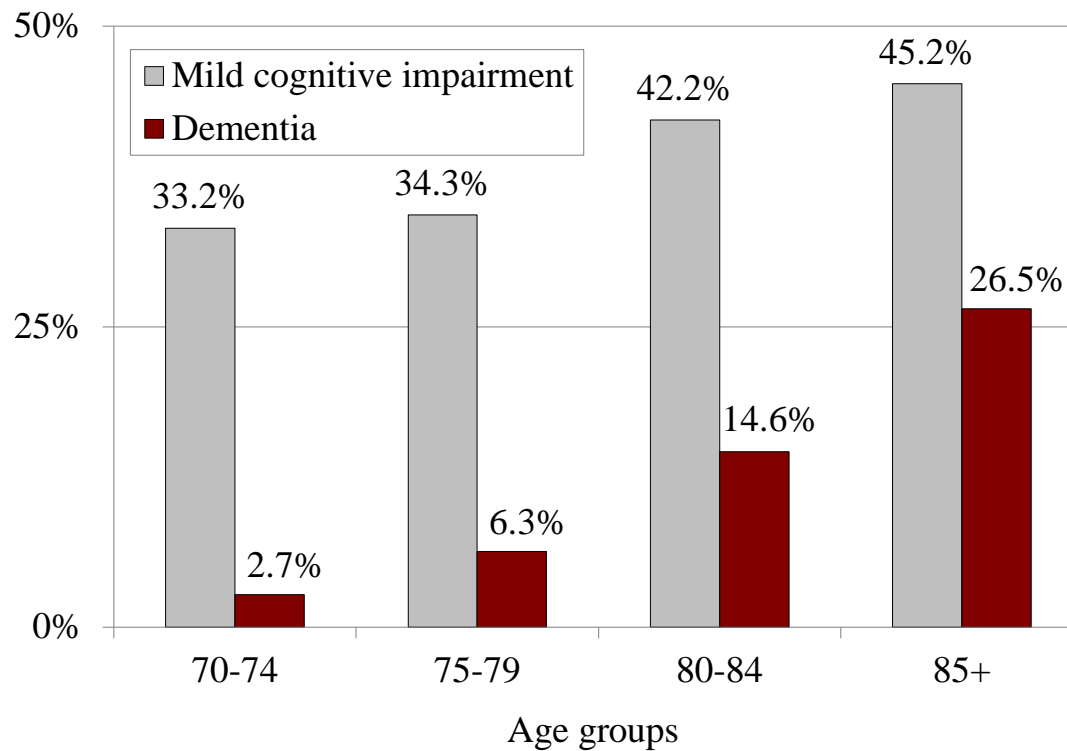
- The Representative Payee Program must strike a difficult balance:
  - Maintain the autonomy of beneficiaries when possible; and
  - Ensure benefits are spent in beneficiaries' best interests.
- Retirees with dementia pose a challenge, since many can manage their benefits with help, but without help are at risk.
- This project investigates what share of those with dementia have help from a payee or another source.

# The first step was identifying retirees with dementia.

- To begin, the project used a predictive model of dementia developed by Hurd (2013).
- This model identifies individuals as: 1) having dementia; 2) having mild cognitive impairment; or 3) having no impairment.
- In addition, the project identified respondents with mild cognitive impairment based on self-reported memory problems.

# Dementia and mild cognitive impairment become common with age.

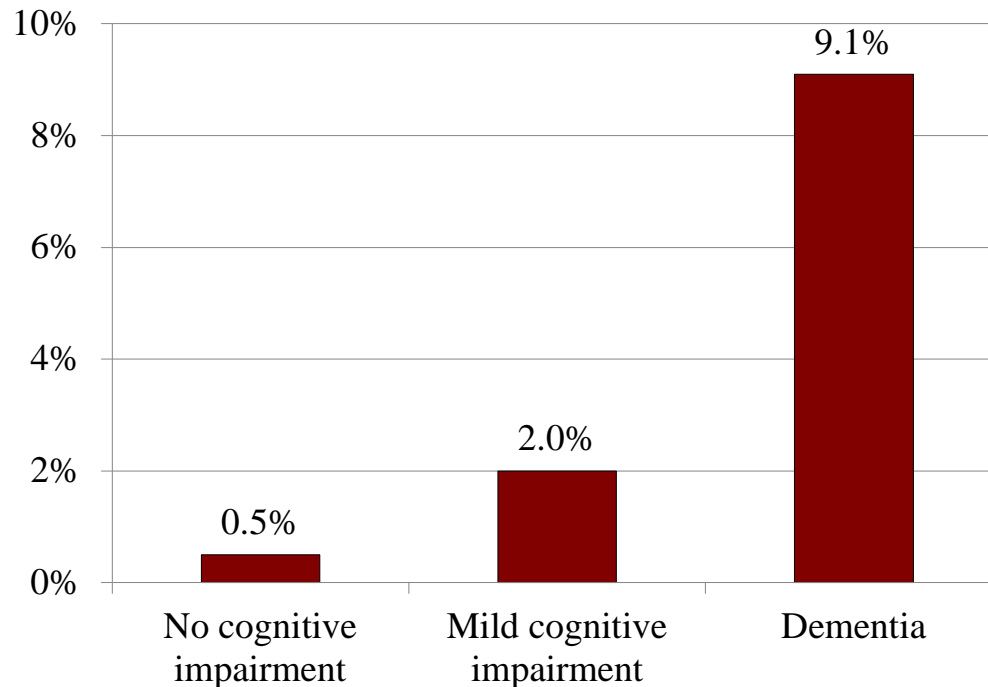
Share of Sample with Cognitive Impairment by Age



Sources: Author's calculations from the *Health and Retirement Survey* (HRS), Waves 1-10; and Hurd et al. (2013).

# Payee use is more common among those with dementia, but still uncommon.

Share of Sample using a Payee by Cognitive Impairment Status



Sources: Author's calculations from the HRS, Waves 1-10; and Hurd et al. (2013).

# But most individuals with dementia have some other source of help.

Available Outside Assistance, by Cognition Status

Share with...	No evidence of impairment	Mild cognitive impairment	Dementia
Representative payee	0.5 %	2.0 %	9.1 %
Nursing home care	0.7	3.2	28.7
Non-impaired spouse	44.2	37.2	29.1
Resident child	13.4	17.3	23.4
Help from a child	4.5	12.2	36.6
Power of attorney	67.3	62.9	63.2
<b>Any form of assistance</b>	<b>86.3</b>	<b>85.0</b>	<b>95.1</b>
Number of observations	2,542	1,756	492

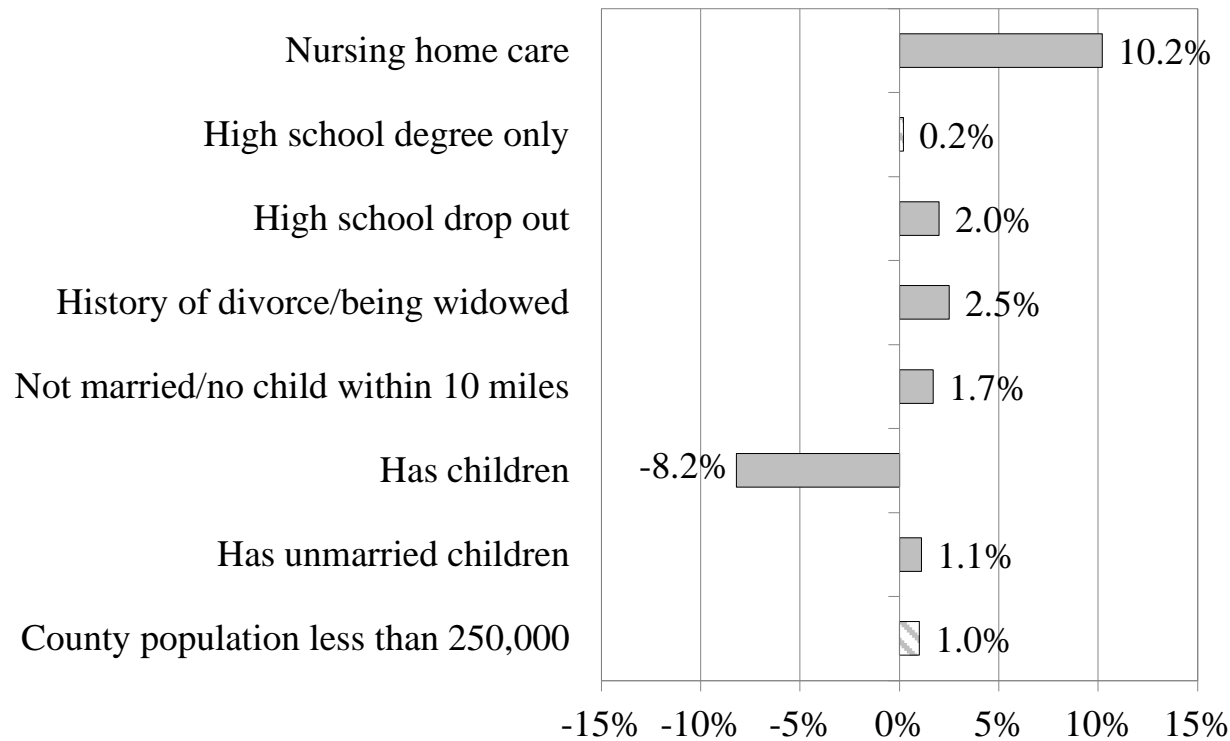
Sources: Author's calculations from the HRS, Waves 1-10; and Hurd et al. (2013).

# A remaining question is which beneficiaries use a payee instead of other help?

- To answer this questions, the project conducted regression analyses with representative payee use as dependent variable.
- The independent variables included:
  - Nursing home residence;
  - Demographics, including education;
  - Familial characteristics including marital status, having children nearby, or having single children; and
  - Geographic information on county size and census region.

# The results suggest payees serve vulnerable individuals, while kids serve as a substitute.

Marginal Effect on Payee Use of Select Variables



Note: Solid bars statistically significant at least at 10 percent level.

Sources: Author's calculations from the HRS, Waves 1-10; and Hurd et al. (2013).



# Conclusion

- Most individuals with dementia have either a representative payee or some other form of help.
- Those with less education, without children nearby, and who have experienced divorce/widowhood are most likely to use a payee.
- The results suggest the Representative Payee Program serves an important role as assistance of last resort.

# An ongoing study will address several questions that remain unanswered.

- What, if any, financial management help was actually provided by those available.
- What sort of help was provided (e.g., with simple banking matters or more complex issues like 401(k) withdrawals).
- How individuals without a payee but with help managing finances are doing financially and overall.