



North Carolina Department of Health and Human Services
Division of Aging and Adult Services

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February 4, 2013

DEAR COUNTY DIRECTOR OF SOCIAL SERVICES

**ATTENTION: ADULT SERVICES PROGRAM MANAGERS AND SUPERVISORS
SPECIAL ASSISTANCE PROGRAM MANAGERS AND SUPERVISORS**

SUBJECT: FEDERAL REQUIREMENT FOR DIRECT DEPOSIT OF FEDERAL BENEFITS

The purpose of this letter is to provide Departments of Social Services (DSS) with information regarding the new federal regulation that requires all federal benefits be paperless by March 1, 2013. This letter also provides information and options for DSSs that serve as guardian and/or representative payee for these recipients of federal benefits and to help understand and explain options to federal benefit recipients who do not need representative payee services.

Background of the Regulation

The [U.S. Treasury Rule 31 C.F.R. Part 208](#), published December 22, 2010, requires all recipients of federal non-tax payments to receive their payments by Electronic Funds Transfer (EFT). Non-tax payments include Social Security and SSI, Veterans Administration, Railroad Retirement, Office of Personnel Management, Department of Labor (Black Lung), and Indian Trust Fund. The effective date of this ruling is **March 1, 2013**. Additional information about the regulation:

- Recipients who have not chosen to have an electronic payment sent to their own bank account will receive their payments via a prepaid debit card with no interruption in payment.
- Recipients who apply for federal benefits effective on or after March 1, 2013 must provide personal bank account information or their benefits payments will be via a prepaid debit card.
- Beneficiaries already receiving benefit payments electronically do not need to take action. They will continue to receive their payment as usual on their payment day.

Options for Receipt of Federal Benefits

The Social Security Administration has created a website, [Godirect.org](#), for information about the options and fees associated with each method of electronic payment. The three options are:

1. A recipient's own personal checking or savings account or the account of his/her representative payee.

NOTE: DAAS has verified that numerous national and local banks operating statewide have personal checking accounts available with free or minimal monthly costs. The requirements vary from bank to bank, but many offer free checking with a

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required minimum amount of a monthly direct deposit. All banks usually have overdraft fees that will apply. These accounts can be a safe way to receive electronic benefits payments. Check the website of banks operating in your county.

2. A debit card, the Direct Express® Debit MasterCard, issued by Comerica Bank available for Social Security and Supplemental Security Income check recipients only.
 - a. The Direct Express® card offers representative payees the option of receiving benefits on behalf of more than one person on one Direct Express® card or signing up for a separate Direct Express® card for each beneficiary.
 - b. Representative payees are responsible for complying with Social Security Administration's rules related to holding funds for more than one beneficiary.
 - c. Free services as well as optional services with fees apply.

3. Electronic Transfer Account option.
 - a. To encourage federal check recipients to consider an account at a financial institution and use direct deposit, the Department of Treasury recently introduced an alternative affordable option – the Electronic Transfer Account (ETA). These accounts provide a full range of consumer protections including federal insurance.
 - b. Financial institution procedures vary as to whether the cash can be obtained from a teller, an Automated Teller Machine (ATM) or both. There are no check-writing privileges.
 - c. There is a maximum cost of \$3.00 per month; and four free transactions per month (at network ATMS). The accounts generally have no minimum balance (may depend on the provider.)
 - d. The ETA is available through participating federally insured financial institutions, including banks, savings and loans, and credit unions. To find participating financial institutions in North Carolina, and for additional information, visit the website at www.eta-find.gov/. The ETA Call Center number is 888-382-3311.

DSSs can order free educational flyers for public posting through partnership with the GoDirect Campaign. The list of publications can be accessed at:

<http://godirect.org/partners/order-materials/> and

<http://godirect.org/partners/community-based-organizations/materials/>

Waiver of this Regulation under Certain Circumstances

The Treasury does offer a waiver process for certain individuals as indicated below:

1. **Automatic** Waivers include:
 - a. Recipients born prior to May 1, 1921 (over 90 years old), who are receiving payments by paper check on March 1, 2013.
 - b. Federal agencies that have not yet implemented the Direct Express® card for their benefit payments. In such cases, payments are not required by EFT unless these payments become eligible for deposit to a Direct Express® card account. Currently only SSA and SSI benefits are being deposited on this card.
 - c. Individuals whose Direct Express® prepaid card was suspended or closed.

2. There are also **Hardship** Waivers that require the individual to contact the Treasury for review/approval when:
 - a. The EFT requirement creates a hardship due to his/her mental impairment.
 - b. The recipient resides in a remote geographic location lacking the infrastructure to support electronic financial transactions.

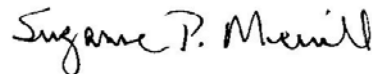
Options for DSSs who are Representative Payee for Federal Benefits Checks.

There may be an increased need for representative payee services because of displacement of residents from adult care facilities as a result of the US Department of Justice Settlement and current adult care home residents who will not qualify for the new Consolidated PCS Services. For individuals with a diagnosis of mental illness and others with impairments related to money handling, the lack of representative payee services could prove to be a barrier to placement in the community. Without a payee, the Social Security benefit could be held and not paid to the adult. This could jeopardize his/her living situation, the ability to obtain essential medications and the ability to obtain food. Without these essentials, an adult could quickly become an adult protective services referral.

The Social Security Administration considers DSSs as organizational payees. A guide for Organizational Representative Payees and the effects of the new regulation can be found at: <http://www.socialsecurity.gov/payee/NewGuide/toc.htm> and fact sheet http://www.ssa.gov/payee/fee_fact_sheet.htm

DAAS will continue our efforts to provide education and public awareness in relation to the Federal ruling and how it will impact the citizens we serve. Please contact Chris Urso at 919-855-3461 or Chris.Urso@dhhs.nc.gov with questions.

Sincerely,



Suzanne P. Merrill, Chief
Adult Services Section

SPM/cu

AFS-04-2013