

**OPENING STATEMENT
SENATOR SUSAN COLLINS
SPECIAL COMMITTEE ON AGING**

**“SOCIAL SECURITY PAYMENTS GO PAPERLESS:
PROTECTING SENIORS FROM FRAUD AND
CONFUSION”**

JUNE 19, 2013

**Mr. Chairman, thank you for holding this
hearing.**

**In May of 2011, the U.S. Treasury began the
switch from paper checks to electronic payments
for seniors and others signing up for Social Security,
Veterans Affairs, and other federal benefits for the
first time. Individuals already receiving benefits
by paper checks from these programs were**

required to switch to direct deposit by March 1, 2013, with payments going directly into a bank or credit union account or loaded onto a Direct Express Debit MasterCard.

Seniors make up a large percentage of those receiving federal benefits. This afternoon's hearing will examine the effect that this transition has had on our nation's seniors, and, in particular, those receiving Social Security benefits.

In Maine, as many as one in four residents receives Social Security. Prior to this transition, some Maine seniors did not regularly use banks and were not familiar with prepaid cards.

As of June 1, 2013, approximately 60 million people, or 96.8 percent of the beneficiaries of these programs nationwide, are being paid electronically. This has saved the federal government about \$100 million annually in costs associated with printing and mailing paper checks and is projected to save \$1 billion in taxpayer dollars over the next ten years. Electronic deposit also can offer convenience and security for many seniors.

In Maine, we initially heard from seniors who did not have a bank account and were reluctant to make this transition. But today, our local area agencies on aging and other individuals working

with seniors tell us that the program is working well and generally has been positive for older Mainers. Seniors in Maine no longer have to travel long distances to a bank to deposit or cash their checks. Moreover, direct deposit allows them to receive their money faster, and eliminates the risk of lost and stolen checks. Under the previous paper system, almost half a million Social Security checks a year were reported lost or stolen, and the easiest way to avoid this is direct deposit.

This does not mean that the transition to electronic payments has been seamless.

The current system does allow for waivers from

the electronic payment requirement in situations where the transition would cause hardship due to a beneficiary's mental impairment or remote geographic location. Waivers were also supposed to be automatically granted to beneficiaries born prior to May 1, 1921.

Some individuals who are eligible for these waivers have had difficulty obtaining them. Many have had trouble obtaining the necessary information or even a copy of the waiver form. As of May 31, 2013, about 5,200 waivers have been granted, the majority of which were age waivers. In Maine, the Treasury Department has granted just 22 waivers over the past two years.

Other seniors have been victims of fraud and have been unable to get timely relief from the Social Security Administration. Today, we will hear from Ms. Alexandra Lane, who was a fraud victim and only received assistance from Social Security after Chairman Nelson intervened.

We have also heard cases of seniors receiving confusing information and poor customer service when they contacted the call center set up to help beneficiaries with the transition. For many seniors, these benefits are a lifeline and their only source of income, and they are understandably very apprehensive about any change. It is therefore critical that they be given clear and accurate

information. Where appropriate, they also should have the option of maintaining paper checks.

Again, Mr. Chairman, thank you for calling this important hearing.