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January 28, 2011

Social Security and Welfare Benefits Going Paperless

By **CHRISTINE HAUSER**

A rooster is crowing, and an alarm clock chimes. “Wake up, wake up, wake up, it’s the first of the month,” the rap song by Bone Thugs-n-Harmony goes. “To get up, get up, get up, so cash your checks and get up.”

Immortalized in rap songs, examined in books on inner city life and discussed on [Facebook](#), the federal benefits check has developed into a social and cultural icon. The checks have generated a “first of the month” economy in some places, as lottery revenue increases and lines at liquor stores and discount retailers swell. And in some communities, the checks serve as security to borrow cars, get a loan or sleep for a few days in someone’s house in hard times, said Sudhir Venkatesh, a professor of sociology at [Columbia University](#).

But now, the days for such rituals are numbered.

In May, the government will no longer pay someone eligible for benefits with a mailed check. Instead, the money will be electronically deposited directly into a bank account or made accessible by a debit card. And by March 2013, the 10 million people who receive checks, out of 70 million people in all, must switch over to direct deposit or use a card.

For the government, the policy is in line with a trend toward paperless banking that will curb theft and save \$120 million a year in costs.

But the first of the month won’t be the same anymore.

The change will have social and cultural impact. Some recipients have resisted it because they cannot open an account, or simply because they feel more comfortable with a check in hand.

Robert A. Caciopoli, a 72-year-old retired schoolteacher, was one of the holdouts. Every month, he takes his [Social Security](#) check to the local bank in Bridgeport, Conn. He socializes with the tellers, some of them former students, and watches them count out his cash.

“I like my money in my hand once, before everybody and his brother gets their hands on it,” Mr. Caciopoli said.

But Mr. Caciopoli said he was reluctantly switching to direct deposit for his Social Security checks because he had no choice. “That is the new wave of things so they can have their hands on your money,” he said. “It drives you crazy just trying to figure out who is getting what and when.”

The paper check has been synonymous with Social Security since the first recurring payment was mailed to [Ida May Fuller](#) in 1940, an event deemed such a milestone that the [Social Security Administration](#) archived a photograph of her posing with the \$22.54 check next to her mailbox in Brattleboro, Vt.

Many older adults lament the new rule as another step, like automated switchboards, toward impersonal banking. And without a check to hold, they feel they will have less control over their finances. But government officials counter that criminals have long preyed on vulnerable individuals, and the online system provides extra security.

Treasury officials say electronic deposits will eliminate the \$93 million in Treasury checks of all kinds that were fraudulently endorsed and cashed in 2010. David A. Lebryk, commissioner of the department’s Financial Management Service, said direct deposit payments would be accessible even in natural disasters like [Hurricane Katrina](#), when mail delivery is impossible.

While direct deposit of government checks is already widespread in states like Florida, where there are large populations of retirees, the decision puts the spotlight on places that do not have banks or where people have little access to the Internet.

In Elsa, Tex., given the state’s low literacy rate, some older adults rely on relatives, local stores or senior centers for cashing services.

“Some people did hard labor all their time and they just never learned how to print their name,” said Armando Garza, a former mayor. “They just put the X.”

The [Federal Deposit Insurance Corporation](#) said 9.5 percent of Southern households did not have bank accounts — higher than any other region.

Recipients can choose debit cards instead, but that, too, will take some adjustment. Under the program, which will be administered for the government by the financial services company [Comerica](#), recipients will have access to more than 50,000 A.T.M.’s around the

country for one free withdrawal a month and 90 cents for additional transactions. If one of the A.T.M.'s is not in their area, they may end up paying fees at other A.T.M.'s.

Some see the decision as government meddling and say they fear their spending habits may be traced. But Mr. Lebryk, the Treasury official, said that information could be obtained only with a court order in a "rare exception."

He said the department expected to keep mailing checks for people in some areas, including overseas, in remote parts of Alaska and on some Indian reservations.

Government agencies, sheriffs and banks are preparing for the changes.

Lawrence Grimaldi, a spokesman with the Rhode Island Department of Elderly Affairs, said the department had directed social workers to help older adults who might not drive anymore to get state identification cards so they could open accounts.

People's United Bank in Bridgeport has been holding "senior appreciation" sessions in supermarkets to help older adults, over coffee and cookies, understand online banking and practice using A.T.M.'s. "I know this is a hard sell to a lot of seniors," said Angela DeLeon, a crime prevention specialist who works with the bank.

In some areas, the new policy may have more of a social impact than an economic one.

At a New York City housing complex, tenants meet in lobbies to wait for mail delivery on check day. Some escort older adults to cashing facilities, wary of the opportunists who may circle on the first of the month. On a remote Indian reservation in South Dakota, residents of the Rosebud Sioux tribe assemble at the post office for the arrival of "first class," the slang for mailed federal checks.

Those casual gatherings could taper off as benefits are instead electronically deposited into individual accounts.

But other rituals may well survive. There are few places to spend money in Rosebud, S.D., so the group shopping pilgrimages to Nebraska are likely to carry on — once a month.

"It is more or less like a big exodus," said Perry DeCory, a communications specialist for the tribe.

