

Reclamations

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Government Reclamations



- Procedure used to recover benefit payments made through the ACH to the account of a recipient or beneficiary who died or became legally incapacitated
- Applies to recurring benefit payments only
 - Social Security, Supplemental Security Income and retirement income

Government Reclamations

- Government's right to reclaim funds is established in 31 CFR 210
 - Preempts the reclamation provisions of the NACHA Operating Rules
 - Acceptance of a benefit payment by an RDFI constitutes agreement to be debited
 - RDFI is fully liable for all payments received after death and must return any payments received after RDFI learns of the death

Government Reclamations

- Ways an RDFI may learn of the death of a benefit recipient
 - Notification by survivors, executor of the estate or a funeral home
 - Receipt of Death Notification Entry (DNE)
 - Receipt of Notice of Reclamation
- Notification by any means results in RDFI having "constructive knowledge"

Death Notification Entry (DNE)

- DNE is a non-monetary ACH entry with an addenda record
 - Addenda contains date of death, deceased payee's Social Security Number and amount of next scheduled benefit payment
 - DNE received from one federal agency constitutes notification by all federal agencies sending recurring benefit payments

Definition of:
Actual/Constructive Knowledge of Death

- DNE (Death Notification Entry)
- Notice of Reclamation
- Contact from or Reference to an Estate...
- Reference from Probate Court, Funeral Director or Letters of Testamentary
- Oral or Written report of death
- Personal awareness by staff
- Obtained by inquiry by RDFI

Government Reclamations

- RDFI responsibilities upon learning of death
 - Flag the account
 - If joint account, the flag could prevent the spouse from receiving their own benefit payment
 - Return all post-death benefit payments
 - R14 (Representative Payee Deceased or Legally Incapacitated)
 - R15 (Beneficiary or Account Holder Deceased)

Federal Government Payments Subject to Reclamation

- Social Security benefit or disability (SSA)
- Supplemental Security Income (SSI)
- Black Lung disability (Dept. of Labor)
- Military and Coast Guard retirement, including allotments from military
- retired pay (DFAS)
- Civil Service annuity (OPM)
 - (CSF) Civil Service Fiduciary
 - (CSA) Civil Service Annuitant
 - (CSR) Civil Service Retirement
- Veterans benefits (VA)
- Railroad retirement annuity (RRB)
- Workers' compensation (FECA) Longshore and Harbor Workers'
- Compensation Act (Dept. of Labor)
- Any other Federal retirement or annuity

Federal Government Payments NOT Subject to Reclamation



- Federal salary, allotments, and travel payments
- U.S. savings bond payments
- Vendor/miscellaneous payments
- IRS tax refunds
- Discretionary allotments
- Public Debt payments (TreasuryDirect)
- Other types of federal ACH payments

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Reclamation Regulation



- Notice of Reclamation (Fiscal Service 133)
 - Federal agencies must initiate within 120 calendar days after having “actual or constructive knowledge” of the death of a recipient
 - Request could include benefit payments up to six years from the date of the reclamation
 - Exception: Account balance in excess of six-year amount

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Time Limits – Quick List

1. **INITIATION:** Federal Agency has 120 Days after learning of death or incapacity of recipient to start process.
2. **SCOPE:** Six Years
3. **COINCIDING:** RDFI not responsible for benefit payments on date of death
4. **RDFI REACTION:** ONE DAY to react – balance, flagging.
5. **RDFI RESPONSE:** 60 Days from issue date

Receipt of Reclamation

- RDFI responsibilities
 - React to Fiscal Service 133 within one business day
 - Flag the account
 - Immediately determine the account balance
 - Check for other types of federal benefit payments
 - Respond within 60 days from the date of the Fiscal Service 133 to limit liability
 - Accurately complete, sign and return reclamation
 - Return full payments via ACH and partial payments via check

RDFI's Liability

- Full liability
 - RDFI did not respond accurately and timely to Notice of Reclamation
- Limited liability (45-day amount)
 - RDFI had no knowledge of death at the time of payment
 - RDFI returned all payments received after learning of death
 - RDFI responded accurately and timely to Notice of Reclamation

Limited Liability Definitions

- Account Balance Equivalent – Amount in account at time of reclamation
- 45-Day Amount - Benefits received within 45 days following the date of death (DOD)
- Outstanding Total – Total of unreturned post-death benefit payments
- Limited Liability Amount – 45-day amount not to exceed the Outstanding Total
- Withdrawers – Anyone who withdrew monies from the account

RDFI's Fed Account

- May be debited for the lesser of the Outstanding Total or 45-Day Amount
- No notice provided to RDFI
- Fed statement references reclamation ticket number

Erroneous Reclamations

- Recipient is alive
 - Terminate the reclamation process by returning the Notice of Reclamation within 60 days
- Date of death is incorrect
 - Notify federal agency via the Notice of Reclamation (copy of death certificate required)
- Federal government may issue subsequent Notices of Reclamation

