

## Protect Yourself - The Proper Handling of Government Reclamations and Garnishments Webinar Q & A



March 22, 2023

**Q1:** Let's say an account holder only receives government protected funds and we receive a garnishment request of \$1,000. With the two-month look back, they find they received \$4,000 in protected funds, but their account balance is \$5,000. Can we garnish the \$1,000 since only \$4,000 was protected per the two-month look back?

**A1:** That is correct.

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**Q2:** What happens when the balance is not large enough for the protected amount?

**A2:** The protected amount is the lesser of the amount of government payments received during the look back period, or the balance in the account if the balance is less than the amount of government protected funds received during the look back period.

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**Q3:** For benefit payments, are we looking at the benefit payments for the person named on the garnishment or all payments for others, plus the person's name?

**A3:** This would include any protected deposit for any individual named on the account.

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**Q4:** Can you place a five-day hold for the remaining garnishment fee to collect any funds that come in during those five days?

**A4:** Refer to your normal garnishment procedure or consult your legal counsel.

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**Q5:** We recently learned that a representative payee has been admitted to a long-term care facility. SSI payments are still being received by the payee's account. Does legal incapacity apply in this situation and allow us to return the SSI funds? If so, what code would we use to return these funds?

**A5:** You will want to reach out to Fiscal Service to determine if this constitutes legal incapacity. If so, the payments would be returned with code R14.

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**Q6: If a Social Security deposit comes in on the third day of the month and the account holder passed away on the first, does this payment have to be returned? It is my understanding that Social Security pays a month behind.**

**A6:** The Green Book directs that ALL post-death benefit payments are to be returned. Financial institutions are not to determine entitlement. The payments that you return upon learning of the death of a beneficiary will directly impact the financial institution's liability.

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**Q7: It was stated that "you can't return funds in a check." However, we received a paper reclamation through the USPS just a few weeks ago, and the notice gave the option to mail a check (with a mailing address). While we did not use the check method, would we have been cleared if the reclamation offered it as a choice?**

**A7:** The Green Book states that all reclamation responses must be submitted through the portal. Post-death benefit payments are to be returned via the ACH Network or authorized as a debit to the financial institution's settlement account. Exceptions to this general rule would need to be submitted to the Treasury. (See screenshot below)

**Effective January 1, 2023**

- All reclamation responses **must** be submitted through the Automated Reclamation Processing System (ARPS) located in Treasury's Pay.gov web portal (except for responses by DFAS and any Treasury-approved exceptions). **Note: We will no longer accept remittances related to reclamation responses.**
- Exceptions: All exceptions must be approved on a case-by-case basis by Bureau of the Fiscal Service and requests may be sent to: [pfc-reclamations@fiscal.treasury.gov](mailto:pfc-reclamations@fiscal.treasury.gov)

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**Q8: Do you know if the Bureau of the Fiscal Service will update their Notice of Reclamation form to reflect the new procedure, specifically pertaining to the change where they will no longer accept paper checks in the mail for partial amounts? We recently received one as of March 15 and it still had the option of mailing a check. It was the same form we have used since 2015.**

**A8:** This is a question for Fiscal Service. (See answer to Question7)

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**Q9: Do you have any insight as to how other institutions preserve funds?**

**A9:** Close debit cards, disable online and mobile banking, cancel any scheduled transfers (single or recurring), seek guidance on pay or no pay decisions from survivors, etc. Also make sure that you consult your compliance officer or legal counsel and that your deposit account agreement reflects your policy.

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**Q10: If a credit union outsources exception and DNE processing, can they designate personnel of the vendor that does the processing in ARPS?**

**A10:** Consult your legal counsel. Users of the ARPS would have the authority to authorize debit actions to the financial institution's master account with the FRB or a settlement account at a correspondent. In my opinion, this is not a responsibility that should be outsourced.

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**Q11: To clarify, the pay.gov site is for responses to reclamations for benefits that have not been returned completely via the ACH system, correct?**

**A11:** That is correct. According to the Green Book, if all payments attempting to be reclaimed have been returned, the financial institution is not required to respond to the Notice of Reclamation. (See below)

*Note: If the full amount listed on the reclamation is returned to the Disbursing Office, the RDFI does NOT need to complete and return the FS Form 133.*

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**Q12: Will we still receive the reclamations in the mail but have to go on the portal to complete the information?**

**A12:** That is correct.

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**Q13: Do we need to register per user for each person in the organization?**

**A13:** No, a single registration will be completed for the financial institution. If you would like more than one user to have access, then a group login would need to be established using a group email address.

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**Q14: If we return the payment, do we also need to respond via pay.gov?**

**A14:** See response to Question 11.

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**Q15: The VA has been taking, at times, 10-11 months to reclaim funds. How would we dispute the 120 days when we have no way to know when they were notified of the death?**

**A15:** Unfortunately, unless an action was taken that would indicate the paying agency had knowledge of death, there is no way to prove when they learned of the death of the beneficiary.



**Q16:** How does a hold differ from returning the funds prior to receiving a reclamation? It seems that in either case, subsequent debits may be returned due to funds not being available.

**A16:** The Green Book prohibits the holding or suspending of any protected funds under any circumstance and instructs financial institutions to return post-death payments upon learning of the death of a beneficiary. Your internal policy and procedure should align with the procedures of the Green Book.



**Q17:** Is there a way to see if the account is set up as company or personal? Can it be changed if was set up incorrectly?

**A17:** You will want to contact the portal support line at 800-624-1373 (Toll free, Option #2), 216-579-2112 (Option #2) or [pay.gov.clev@clev.frb.org](mailto:pay.gov.clev@clev.frb.org). Operating hours are 8:00 a.m. to 7:00 p.m., Monday through Friday.



**Q18:** Are we allowed to return debit transactions on joint accounts when the debit is under the deceased's name?

**A18:** Refer to your deposit account agreement or consult your legal counsel.



**Q19:** Do you have a good phone number for the Bureau of the Fiscal Service?

**A19:** See Question 17 for portal support information. For other inquiries, the number is 855-868-0151.

