

5 Reclamations

Overview

Section 1 defines reclamation and provides some background information on the subject. Section 2 covers an RDFI's liability in the reclamation process. Topics include full and limited liability, calculating the limited liability amount, and exceptions to the liability rule. Section 3 gives RDFIs guidance on processing reclamations and provides an updated contact list for individuals needing additional information/assistance with reclamations.

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Section 1: Background

Reclamation is a procedure used by the Federal government (government) to recover benefit payments made through the Automated Clearing House (ACH) to the account of a recipient who died or became legally incapacitated or a beneficiary who died before the date of the payment(s).

The government's right to reclaim funds is established in Title 31 of the Code of Federal Regulations Part 210, Subpart B, and Section 210.10(a). The government's reclamation process is found in 31 CFR 210.9 through 210.14. The reclamation provisions of 31 CFR 210 completely preempt the reclamation provisions of the NACHA Operating Rules with respect to Federal benefit payments.

By accepting a recurring benefit payment from the government, a receiving depository financial institution (RDFI) agrees to the provisions of 31 CFR 210, including the reclamation and debiting of the RDFI's Federal Reserve Bank account for any reclamation for which it is liable. This liability provision of the Federal reclamation regulations is part of the contract between the government and the RDFI. The two parties thereby agree to share liability for post-death payments. This contract is renewed by the RDFI each time it accepts and credits an ACH payment on behalf of a depositor.



Note: In this chapter, “death” always means the death or legal incapacity of a recipient or the death of a beneficiary. And “government” always means the Federal government.

Payments Subject to Reclamation

Only government benefit payments are subject to reclamation.

Payments Subject to Reclamations

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)

Veterans Administration benefits (VA)

Railroad Retirement Board (RRB) annuity

US Coast Guard

Worker's compensation (FECA)

DC Pensions

Compensation Act (Dept. of Labor)

Any other Federal retirement or annuity

Payments not Subject to Reclamations

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

Note: For post-death payments not affected by reclamation, adjustments are made only between the authorizing Federal agency and the recipient's survivors or estate

Section 2: Liability of a Receiving Depository Financial Institution (RDFI)

A. Full Liability

An RDFI is liable for ALL benefit payments received after the death or legal incapacity of a recipient or death of a beneficiary; unless the RDFI meets the qualifications for limiting its liability (see B. Limiting Liability below).

If the RDFI fails to meet the qualifications for limiting its liability, the RDFI will be held liable for all post-death payments received after the death or legal incapacity of a recipient or death of a beneficiary. The RDFI will be debited for the full amount of the reclamation; this debit action will be final.

Note: *If no post-death payment has been received at the time the RDFI learns of the death, the RDFI may also contact the paying agency (see Contacts, Chapter 8).*



B. Limiting Liability

An RDFI may qualify to limit its liability if it:

- certifies it did not have actual or constructive knowledge* of the recipient's death or incapacity at the time of the deposit of any post-death benefit payments;
- returns all post-death benefit payments it receives after it learns of the death; and
- responds to the Notice of Reclamation (FMS-133), completely and adequately, so that it is received by the Government Disbursing Office within 60 days from the date of the notice.

***Note:** *In this chapter "constructive knowledge" of the death means that the RDFI would have learned of the death if it had followed commercially reasonable business practices.*



Exception to Liability Rule

An RDFI is not liable for post-death benefit payments sent to a recipient acting as a representative payee or fiduciary on behalf of a beneficiary, if the beneficiary was deceased at the time the authorization (Direct Deposit enrollment) was executed and the RDFI did not have actual or constructive knowledge of the death of the beneficiary.

C. Calculating the Limited Liability Amount

If an RDFI qualifies for **limited liability**, the RDFI will only be debited for the **45-day amount**.

The **45-day amount** is the dollar amount of the post-death benefit payments received within 45 calendar days following the death.



Note: *The limited liability amount may not exceed the outstanding total on the Notice of Reclamation. The outstanding total is the total amount of all the post-death payments.*

Table 2-A Calculating the Limited Liability Amount

Example 1: Four payments of \$200 each were received after death. *The first payment was received within 45 days after the date of death (i.e., 45-day amount = \$200). The RDFI had no actual or constructive knowledge at the time the post-death payments were received or withdrawn.¹ No additional payments were received after the RDFI had knowledge.²*

	Ex.1	Ex.2	Ex.3	Ex.4	Ex.5
Total Amount of post-death payments on the Notice of Reclamation	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800
Amount of the Account Balance paid by RDFI in response to the Notice of Reclamation 3	\$ 300	\$ 300	\$ 750	\$ 0	\$ 800
Amount due from withdrawers	\$ 500	\$ 500	\$ 50	\$ 800	\$ 0
Amount collected by government from withdrawers	\$ 250	\$ 500	\$ 0	\$ 0	\$ 0
Outstanding total	\$ 250	\$ 0	\$ 50	\$ 800	\$ 0
Amount to be debited from the RDFI's Federal Reserve account = (lesser of Outstanding Total or 45-day amount)	\$ 200	\$ 0	\$ 50	\$ 200	\$ 0

¹ RDFI had no actual or constructive knowledge of the death at the time of deposit or withdrawal of any post-death benefit payments.

² RDFI returns all post-death benefit payments it receives after it learns of the death.

³ RDFI accurately responds to the Notice of Reclamation so that the appropriate amount is received by the Government Disbursing Office within 60 days of the date on the Notice.

Example 2: Four payments of \$200 each were received after death. *Three of the payments were received before the RDFI had actual or constructive knowledge of the death.¹ The 4th payment was received by the RDFI after it had received a DNE and the RDFI promptly returned the payment using an R15 return reason code.² The 1st and 2nd payments were received within 45 days following the date of death (4th payment will not be listed on the Notice of Reclamation since it was promptly returned by the RDFI).*

	Ex. 1	Ex. 2	Ex. 3	Ex. 4	Ex. 5
Total Amount of post-death payments on the Notice of Reclamation	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Amount of the Account Balance paid by RDFI in response to the Notice of Reclamation 3	\$ 300	\$ 300	\$ 550	\$ 0	\$ 600
Amount due from withdrawers	\$ 300	\$ 300	\$ 50	\$ 600	\$ 0
Amount collected by government from withdrawers	\$ 50	\$ 300	\$ 0	\$ 0	\$ 0
Outstanding total	\$ 250	\$ 0	\$ 50	\$ 600	\$ 0
Amount to be debited from the RDFI's Federal Reserve account = (lesser of Outstanding Total or 45-day amount)	\$ 250	\$ 0	\$ 50	\$ 400	\$ 0

¹ RDFI had no actual or constructive knowledge of the death at the time of deposit or withdrawal of any post-death benefit payments.

² RDFI returns all post-death benefit payments it receives after it learns of the death.

³ RDFI accurately responds to the Notice of Reclamation so that the appropriate amount is received by the Government Disbursing Office within 60 days of the date on the Notice.

Section 3: Reclamation Procedures

A. Notification of Death

An RDFI must immediately return any post-death benefit payments received after the RDFI becomes aware of the death or legal incapacity of a recipient. If the RDFI learns of the death or legal incapacity of a recipient from a source other than the federal agency, the RDFI must notify the sending agency of the recipient's death. An ACH return using return reason code R15 or R14 constitutes proper notification to the Federal agency. When returning payments the RDFI should ensure that the date of death in the addenda record be in YYMMDD format. The RDFI should also provide notification to the account owners, as a courtesy.

Notification of death by any source constitutes notification for all Federal benefit payments received by the recipient. The following are some examples of ways that the RDFI may learn of the death of their account holders:

- Receipt of a Death Notification Entry (DNE) - A DNE is a notification of a benefit recipients death sent from an originating government agency [e.g., SSA, RRB, or OPM] to the RDFI.
- Receipt of a federal government Notice of Reclamation, (FMS-133).
- Any contact or request to withdraw funds from an Estate, Executor, Administrator, Public Administrator, Personal Representative, Conservator or other representative of such Estate. Note: Any release to an executor or other party clearly acting on behalf of the deceased person or his/her estate will be deemed by the government to have demonstrated the RDFI's knowledge of the death.
- A pertinent reference to or from a Probate Court, a funeral home, or Letters Testamentary. Any oral or written report of death.
- Any death information obtained by the RDFI's inquiry into a dormant account, or through other RDFI internal screening processes.
- Any personal awareness of the death by the RDFI's staff.
- Any notice received in the mail from any source.



Note: *If at the time the RDFI first receives information of death, all or part of the post-death benefit payments have already been withdrawn from the account, the government does not authorize the RDFI to try to recover the funds from the withdrawer. If the RDFI does so, it acts under its own authority in terms of its contract with its depositor or under state law.*

Applicable Federal Regulation 31 CFR 210

This regulation defines when an RDFI has actual or constructive knowledge of the death:

An RDFI has actual knowledge of the death or legal incapacity of a recipient or the death of a beneficiary when it receives information that the recipient has died and has had a reasonable opportunity to act on such information. An RDFI has constructive knowledge if the institution would have learned of the death if it had followed commercially reasonable business practices. [31 CFR Part 210.2(b)]

The phrase “commercially reasonable business practices” is a flexible concept since, for example, what is a commercially reasonable practice for a large bank may not be commercially reasonable for a small rural bank, and vice versa.

What to do upon Notification of Death with Payments Already Posted and Subsequent Payments

When an RDFI receives actual or constructive knowledge of the death, it does not have to wait for a Notice of Reclamation. The RDFI can immediately return all subsequent post-death benefit payments to the Government Disbursing Office. The RDFI must also notify the sending agency of the recipient’s death. An ACH return using return reason code R15 or R14 constitutes proper notification to the Federal agency.

R15 Beneficiary Deceased

The beneficiary is the person entitled to the benefits. In this case, there is no representative payee or guardian involved.

R14 Representative Payee (or Guardian) Deceased or Incapacitated

The representative payee (or guardian) is the person who receives benefit payments on behalf of the (under aged or incapacitated) beneficiary. E.g., payment is payable to “John Doe, for [another person]”

Any information of the death received by the RDFI or any of its employees, from whatever source, establishes the full legal liability for ALL SUBSEQUENT post-death Federal benefit payments from all agencies, as well as any post-death benefits in the account, which the RDFI then allows to be withdrawn.

Note: *Recipients may be receiving multiple benefit payments from the same or different Federal agencies. An RDFI should ensure that they are returning all federal benefit payments subject to Reclamation.*



Holding Payments

Under no circumstances should an RDFI hold payments indefinitely in a suspense account, or by any other means, nor should payments otherwise be held if any of the conditions apply on when to return a payment. Holding payments may constitute a breach of the RDFI's warranty for the handling of Federal government ACH payments under 31 CFR 210 and could result in an RDFI's inability to limit its liability.

Repayment by Survivors

If the survivors or other withdrawers state that the withdrawn post-death payments have already been repaid to the Federal agency, the RDFI should obtain a front and back copy of the check(s) and/or a receipt from the federal agency.

If all post-death payments have been repaid by the survivor(s), the RDFI should not receive a Notice of Reclamation. However, if a Notice of Reclamation is received, the RDFI must complete and return the form to the Government Disbursing Office within 60 days, attaching an explanation and proof of payment (i.e. front and back copy of the check(s)). The RDFI is not liable for any post-death payments that have already been repaid to the originating agency.

Handling Survivor Requests not to Return Post-death Benefit Payments

The RDFI may be asked by the survivor(s) not to return post-death benefit payments because the survivor is still entitled to all or part of the payment(s). In such cases, the RDFI should still return the payment and advise the survivor(s) to contact the appropriate Federal benefit agency (see Chapter 8, Contacts) to determine whether a final survivor payment is due.

B. Notice of Reclamation

The Notice of Reclamation (FMS-133) initiates the recovery of post-death benefit payments that have not been returned to the government, for which the RDFI may be liable.

The Notice of Reclamation is mailed to the RDFI by the Government Disbursing Office upon instructions from the authorizing Federal agency. The RDFI's address and routing number are derived from the Financial Organization Master File (FOMF) maintained by Treasury. Each RDFI is responsible for updating the Federal Reserve Banks (FRB) ACH Customer Directory (see Chapter 2, page 2-3, FOMF). If the Notice of Reclamation is mailed to an obsolete address, the RDFI may be held liable for failing to notify the FRB of changes to their mailing address.



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 FMS-133.

Table 3-A Notice of Reclamation (Form FMS-133)

The Notice of Reclamation advises the RDFI of...

- the date of death or legal incapacity;
- the amount of post-death payment(s) for which the RDFI may be liable;
- the identity of each payment(s) in question, including:
 1. name of the recipient
 2. individual ID or claim #
 3. reclamation ticket #
 4. date of the payment(s)
 5. Federal agency that authorized the payment(s) and the type of payment(s)
 6. payment trace number(s)
 7. type of account (checking/savings) to which the payment(s) was made
 8. depositor account number
 9. amount of the payment(s).

The FMS-133 consists of six parts (RDFI will receive Parts 1 through 5):

Part 1- Program Agency Copy

Part 2- Program Agency File Copy

Part 3- RDFI Copy

Part 4- Disbursing Office Copy

Part 5- Notice to Account Owners Copy

Part 6- Disbursing Office Pending Copy (RDFI does not receive Part 6)

Note: *The reclamation ticket number is located in the top right box of the form to the right of the date (see sample FMS-133). It is important the RDFI retain a copy of the reclamation form for a minimum of three years or until the associated case is closed. The RDFI should file the notice using the reclamation ticket number. In the event that a debit is processed, the RDFI will need to locate the Notice of Reclamation using the ticket number provided on the FRB Statement of Account (see How to Identify Debits using the Reclamation Ticket Number).*



Notice of Reclamation (FMS-133), FRONT

Sample: Parts 1-4 The following sample is the same for the Program Agency Copy, Program Agency File Copy, RDFI Copy and Disbursing Office Copy.

For Paperwork Reduction Act Statement and Burden Estimate Statement See Reverse Side "Notice to Account Owners" Copy		OMB NO.: 1510-0043 Expiration Date: 02/28/2000	
<p>ELECTRONIC FUNDS TRANSFER FEDERAL RECURRING PAYMENTS</p> <p>NOTICE OF RECLAMATION</p>		FROM: DATE: Ticket # 123456789	
RECIPIENT AND/OR BENEFICIARY NAME		CLAIM NUMBER	DATE OF DEATH
DATE OF PAYMENT	AGENCY AND FOR TYPE OF PAYMENT	TRACE NUMBER	TYPE OF ACCOUNT
DEPOSITOR ACCOUNT NUMBER	AMOUNT		
AMOUNT OF PAYMENTS RECEIVED WITHIN 45 DAYS		OUTSTANDING TOTAL	
<p>A Immediately mail NOTICE TO ACCOUNT OWNERS (last copy of this form) to current address of the account owner. Inform the account owner(s) of any actions your financial institution has taken or intends to take. Sign Certification No. 1 on the back of the DISBURSING OFFICE COPY.</p>			
<p>B Correct any error in the fact of death, date of death and/or outstanding total on the back of the DISBURSING OFFICE COPY.</p>			
<p>C Take, as appropriate, one of the four steps below:</p>			
<p>1 If the outstanding total was previously returned to the Government, attach copies of the front and back of the cancelled checks and/or proof that the payment was returned by ACH. Proceed with step D below.</p>			
<p>2 If the amount in the account is equal to or exceeds the outstanding total, prepare one ACH return for each full payment, described above. The ACH return method should always be used when returning one or more full payments. Proceed with step D below.</p>			
<p>3 If the amount in the account is less than the outstanding total, and there is...</p> <p>a.(1) only one payment listed above, then return the partial payment by check. (See 3b).</p> <p>a.(2) more than one payment listed above, then prepare ACH return(s) for amount(s) equal to each full payment. Any remaining amount that does not equal a full payment must be returned by check, (See 3b).</p> <p>b. Prepare a check made payable to: _____</p> <p style="text-align: center;">ONLY FOR AMOUNTS LESS THAN ONE FULL PAYMENT.</p> <p>(Note: The amount in the account includes any additions to the account balance made after the receipt of this NOTICE.)</p> <p>Provide the names and addresses of the withdrawers on the back of the DISBURSING OFFICE COPY. If it is a true statement of fact, you must sign Certification No. 2 on the back of the DISBURSING OFFICE COPY. Proceed with Step D below.</p>			
<p>4 If the amount in the account is zero and no funds are available to return to the Government, provide the names and addresses of the withdrawers on the back of the DISBURSING OFFICE COPY. If it is a true statement of fact, you must sign Certification No. 2 on the back of the DISBURSING OFFICE COPY. Proceed with Step D below.</p>			
<p>D Unless the outstanding total is returned by ACH within 45 days of the date on this NOTICE, return the PROGRAM AGENCY and DISBURSING OFFICE COPIES of this form to the disbursing office address shown in the upper right hand corner of the form.</p>			
YOUR FINANCIAL INSTITUTION IS LIABLE TO THE GOVERNMENT FOR THE ABOVE PAYMENT(S) AND FOR ALL GOVERNMENT BENEFIT PAYMENTS RECEIVED AFTER THE DEATH OR LEGAL INCAPACITY OF THE RECIPIENT OR THE DEATH OF THE BENEFICIARY AS SET FORTH IN 31 CFR PART 210. YOU MUST TAKE THE APPROPRIATE STEPS OUTLINED IN A THROUGH D ABOVE AND IN THE GREEN BOOK INSTRUCTIONS IN ORDER TO LIMIT YOUR LIABILITY. (See GREEN BOOK: RECLAMATIONS CHAPTER for detailed instructions.)			
IF YOU DO NOT RESPOND APPROPRIATELY WITHIN 60 DAYS FROM THE DATE OF THIS REQUEST, YOU WILL NOT LIMIT YOUR LIABILITY AND YOUR FEDERAL RESERVE ACCOUNT OR THE ACCOUNT OF YOUR CORRESPONDENT WILL BE DEBITED FOR THE OUTSTANDING TOTAL .			
ROUTING NUMBER: TO:		TO BE COMPLETED BY PROGRAM AGENCY \$ _____ \$ _____ Amount Recovered Amount to Recover _____ Signature Date <small>DEPARTMENT OF THE TREASURY FINANCIAL MANAGEMENT SERVICE PROGRAM MANAGEMENT DIVISION FMS 133 (2-97)</small>	

FINANCIAL ORGANIZATION COPY

Notice of Reclamation (FMS-133), BACK

Sample: Parts 1-4 The following sample is the same for the Program Agency Copy, Program Agency File Copy, RDFI Copy and Disbursing Office Copy.

THIS BLOCK FOR DISBURSING OFFICE USE

A. Notice of Reclamation

I. Total Amount Due _____ Total Amount Refunded _____ To Be Recovered
By Agency _____

II. The amount of \$ _____ was deposited for credit in the account of the _____ on
Certificate of Deposit No, _____ dated _____ **DISBURSING OFFICER**

DR. 4.20 Confirmed Deposits
CR. 4. 10 Net D.O. Transaction — Station Code _____ **DISBURSING OFFICER**
Trust Fund or Appropriation Symbol _____ **DATE**

B. Further Action
 No further action being taken.
 Request for Debit for \$ _____ forwarded to FRB on _____.

THIS BLOCK FOR FINANCIAL INSTITUTION USE

If information on the face of this form is WRONG, check appropriate box, and enter the corrections below:

Recipient/beneficiary did not die; financial institution will not take further action.

Date of death is wrong. Date of death from death certificate is _____

Adjusted Outstanding Total (total of payments received after the correct date of death):
(The Adjusted Outstanding Total is used by the financial institution if it is less than the OUTSTANDING TOTAL shown on the face of the form.): \$ _____

Adjusted outstanding total is greater than outstanding total on face of this form. (See Green Book for detailed instructions.)


IF LESS THAN THE OUTSTANDING TOTAL IS BEING PAID, PROVIDE THE NAMES AND ADDRESSES OF THE PERSONS WHO WITHDREW FROM THIS ACCOUNT: _____

(If the names of withdrawers cannot be determined, provide names of co-owners or persons with access to the account and explain why names of withdrawers cannot be provided.)

<p>CERTIFICATION NO. 1</p> <p>This certifies that the Notice to Account Owners form was mailed to the owners of the account at the addresses on the records of this financial institution on _____.</p> <p>If a correction has been made to the fact or date of death, this certifies that the date of death entered above is correct and that this financial institution took prudent measures to assure that the person is alive or that the date of death was erroneous.</p> <p>_____ Signed</p> <p>_____ Title</p> <p>_____ Date</p>	<p>CERTIFICATION NO. 2</p> <p>In accordance with 31 CFR 210, this certifies that this financial institution received the Notice of Reclamation on _____ and first learned of the death on _____. The financial institution had no knowledge of the death or legal incapacity of the recipient or death of the beneficiary at the time any of the payments listed were credited to or withdrawn from the account. An amount equal to the amount remaining in the account, including any additions to the account balance since the receipt of this notice, has been paid to the Government.</p> <p>_____ Signed</p> <p>_____ Title</p> <p>_____ Date</p>
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Notice of Reclamation (FMS-133), FRONT

Sample: Part 5 Below is a sample of Part 5, Notice to Account Owners, of the FMS-133.

For Paperwork Reduction Act Statement and Burden Estimate Statement See Reverse Side "Notice to Account Owners" Copy		OMB NO.: 1510-0043 Expiration Date: 02/28/2000	
 ELECTRONIC FUNDS TRANSFER FEDERAL RECURRING PAYMENTS NOTICE OF RECLAMATION		FROM: DATE: Ticket:123456789	
RECIPIENT AND/OR BENEFICIARY NAME		CLAIM NUMBER	DATE OF DEATH
DATE OF PAYMENT	AGENCY AND/OR TYPE OF PAYMENT	TRACE NUMBER	TYPE OF ACCOUNT
DEPOSITOR ACCOUNT NUMBER		AMOUNT	
AMOUNT OF PAYMENTS RECEIVED WITHIN 45 DAYS		OUTSTANDING TOTAL	

NOTICE TO ACCOUNT OWNERS FROM THE GOVERNMENT

The Government has received information that the person named on this notice is deceased. The purpose of this notice is to inform you that by law entitlement to Government benefits for this person ended at death. Therefore, the Government must recover all payments made after the date of death. If there has been an error and this person is not deceased, or if the date of death is wrong, this notice explains how to correct the mistake. If you do not understand this notice, please get help from either your financial institution or the Government agency that was making payments.

PAYMENTS TO THIS PERSON HAVE BEEN STOPPED

Your financial institution has been asked to return the payments shown on this notice to the Government because they were issued in error. The Government has asked your financial institution to send this notice to you, the account owner. Your financial institution must notify you if it has taken action to recover these funds from the account. Contact your financial institution immediately if you do not understand its actions. If the Government is unable to collect from the financial institution the full amount of the payments made after death, you may be contacted by the agency which made the payments.

IF THE PERSON IS NOT DECEASED

If the person is not deceased, immediately contact both your financial institution and the agency that made the payments to correct the error. The Government regrets any inconvenience this error may cause. Your financial institution can correct the collection action if it is given satisfactory proof that the person is alive. NOTE: YOU MUST CONTACT THE AGENCY THAT MADE THE PAYMENTS BECAUSE THIS ERROR HAS STOPPED FURTHER PAYMENTS. ONLY THE AGENCY CAN RESTART THE PAYMENTS.

NOTICE TO ACCOUNT OWNERS

Notice of Reclamation (FMS-133), BACK

Sample: Part 5 Below is a sample of Part 5, Notice to Account Owners, of the FMS-133.

IF THE DATE OF DEATH IS WRONG

If the date of death shown is wrong, immediately show your financial institution a copy of the death certificate which will permit it to make any needed adjustment to the amount it must return to the Government. If it is inconvenient to go to the financial institution, bring this notice and a death certificate to the agency that made the payments so correction may be made. The agency that made the payments is shown using these abbreviations:

SOCIAL SECURITY ADMINISTRATION: RSI-SSA; DIB-SSA; RSI-SSI

DEPARTMENT OF VETERANS AFFAIRS: VA

OFFICE OF PERSONNEL MANAGEMENT: OPM

RAILROAD RETIREMENT BOARD: RRB

OTHER AGENCY ABBREVIATIONS: AF RET PAY; ARMY RET; ARMY BEN;

MarCorRet; MarCorAnn; NAVYRET; NAVY ANN; CIADSANNU

SURVIVOR BENEFITS

Persons related to the deceased may qualify for survivor payments. Survivors should contact the agency that made payments to determine whether they are eligible.

NOTICE FOR FINANCIAL INSTITUTION ONLY

Paperwork Reduction Act and Privacy Act Statement

By authority of 5 USC 301, 12 USC 391, and Title 31, Code of Federal Regulations, Part 210, the information requested on these forms is mandatory in order for Treasury to recover from your organization one or more Electronic Funds Transfer payments which the recipient or beneficiary named was not entitled to receive. Failure to provide all the required information and to return an amount equal to the amount in the account (up to the total being reclaimed) before the deadline may cause Treasury to contact your Federal Reserve bank to automatically debit your account (or that of your correspondent).

Burden Estimate Statement

The estimated average time (burden hours) associated with filling out this paperwork is 12 minutes per respondent or recordkeeper, depending on individual circumstances. Comments concerning the accuracy of this time estimate and suggestions for reducing the burden associated with the time spent collecting this information should be directed to the Financial Management Service, Facilities Management Division, Property & Supply Section, 3361 -L 75th Avenue, Landover, MD. 20785 and the Office of Management and Budget, Paperwork Reduction Project (1510-0043), Washington, D.C. 20503. **THIS ADDRESS SHOULD ONLY BE USED FOR COMMENTS AND/OR SUGGESTIONS CONCERNING THE AMOUNT OF TIME SPENT TO COLLECT THIS DATA. DO NOT SEND THE COMPLETED PAPERWORK TO THE ADDRESS ABOVE FOR PROCESSING.**

Table 3-B How to Respond to the Notice of Reclamation**Steps to take Under Limited Liability**

1. Immediately determine the account balance amount. Check for other types of Federal benefit payments that the deceased may have been receiving, if enough funds are available in the payee's account to satisfy the reclamation, the funds should be returned promptly through the Automated Clearing House (ACH) system within 60 days of the Notice (by doing so, the RDFI will obtain an immediate credit and prevent any further action). When returning the full amount of the Reclamation, the RDFI does not need to complete and return the FMS-133 to the Disbursing Office.
2. If funds are available, but not sufficient to satisfy the full reclamation, a partial payment should be remitted to the Government Disbursing Office that issued the reclamation. When returning less than the full amount, the RDFI should remit a check and attach the front and back copy of the Notice of Reclamation indicating on the reverse the total amount of the partial payment.
3. If Federal benefit payments are credited after an RDFI receives a reclamation. The RDFI should reply to the reclamation by returning the items listed on the notice (not to exceed the outstanding total) as well as any deposits received after receipt of the Notice of Reclamation.
4. Promptly mail the Notice to Account Owners* (Part 5) to the last known address(es) of the account owner(s) and notify the account owner(s) of any action that the RDFI has taken or plans to take against the account.
5. When the RDFI is returning less than the outstanding total listed on the Notice of Reclamation, the RDFI must complete and sign Certification No. 1*** and if the RDFI had no knowledge of the death at the time the payment(s) was received or withdrawn, also sign Certification No. 2**** on the back of the Disbursing Office copy of the Notice of Reclamation. There is no need to sign multiple pages or copies of the same form. The RDFI must provide name, address and phone number of persons who withdrew from the account or if it is a sole owner account the RDFI MUST provide the name, address and phone number on file for the deceased recipient. Return an amount equal to the account balance.
6. If the outstanding total** was previously repaid to the Federal government. The RDFI's obligation to the Federal government (e.g., by the beneficiary's survivor) has been satisfied and the RDFI must return the Notice of Reclamation, attaching proof of the repayment, so that it is received by the Government Disbursing Office within 60 days of the date on the Notice. (See Types of Evidence).
7. The signature in Certification No. 1*** and 2**** must be in black or dark blue ink. No other ink colors, pencil, rubber-stamped, or other reproduced signatures will be accepted. The original signature must include at least the signer's first initial and last name. The signer's title and the date signed (in the signature block) may be rubber-stamped or reproduced. If the Notice of Reclamation is incorrect due to error in fact or date of death, (see Learning of an Error).
8. When returning the Notice of Reclamation, or sending correspondence to the government about the reclamation, the RDFI must use the address of the Government Disbursing Office found at the top right corner of the reclamation. Replying to any other address may delay the process and put the RDFI at risk of not responding with the 60 day deadline.

* Some withdrawers may wish to restore all or part of the withdrawn post-death payments to the account upon receipt of a Notice of Reclamation to Account Owners. Repayment to the account by the withdrawer upon receipt of the Notice of Reclamation is not required or requested by the government.

** The Outstanding Total is the sum of all Federal benefit payments received after death or legal incapacity, minus any amount returned to or recovered by the government.

*** Certification No. 1 on the back of the Disbursing Office copy of the Notice of Reclamation certifies that: the Notice to Account Owners was sent; account owners were notified of any action the RDFI has taken or plans to take against the account; and the RDFI took proper corrective action regarding any error in date of or fact of death.

**** Certification No. 2 on the back of the Disbursing Office copy of the Notice of Reclamation, certifies that the RDFI had no actual or constructive knowledge of the death at the time of deposit or withdrawal of any of the post-death payments; and, that the RDFI has returned the amount of the account balance to the government.

Incomplete or Inadequate RDFI Replies

If the RDFI's response is incomplete or inadequate, the government will send the RDFI a rejection letter **only one time**, clearly indicating what is lacking. If the RDFI's subsequent reply is still incomplete or inadequate, the government will initiate a debit action for the outstanding amount. Also, if an inadequate reclamation reply is received by the government two (2) business days or less before the Reclamation's deadline, the government will not reject it, due to lack of time. Instead, the government will initiate a debit action for the outstanding amount

Time Limits for Federal Reclamations

1. INITIATION OF RECLAMATION (120-Day Protest): The authorizing Federal agency must initiate the reclamation within 120 calendar days after the date that the agency first has actual or constructive knowledge of the death or legal incapacity of a recipient or the death of a beneficiary.

An RDFI has the right to protest a Notice of Reclamation if it believes the agency did not meet the deadline for initiating the reclamation. The protest letter should be sent to the Disbursing Office and must include the claim number, RDFI contact person, a brief explanation, and any information/documentation that supports the claim. It is strongly recommended that the RDFI send the completed FMS-133 along with the protest letter. By providing the completed FMS-133, the RDFI will be in the best position to limit its liability in the event the protest is denied. The FMS-133 should include the name and last known address and phone number of the following person(s):

- (A) The recipient and co-owner(s) of the recipient's account;
- (B) All other person(s) authorized to withdraw funds from the recipient's account;
and
- (C) All person(s) who withdrew funds from the recipient's account after the death or legal incapacity of the recipient or death of the beneficiary.

Upon receipt of the protest letter, the Disbursing Office will work with the authorizing Federal agency to determine whether or not the agency met the 120 day deadline. If the RDFI's protest is valid then the RDFI will be notified and the reclamation action will be withdrawn. If the protest is denied, and the RDFI qualifies for limited liability, the Disbursing Office will notify the RDFI and the RDFI will only be debited for the 45-day amount. If the protest is denied, **and the RDFI does not respond to the FMS-133**, the Disbursing Office will notify the financial institution and the agency may submit a request to debit the RDFI's Federal Reserve account for the full amount of the reclamation.

2. SCOPE OF RECLAMATION: An RDFI is not liable for any post-death benefit payments made more than six years prior to the date of the notice of reclamation, except under the following circumstance: "If the account balance at the time the RDFI receives the notice of reclamation exceeds the total amount of all post-death or post-incapacity payments made by the agency during such six-year period, this limitation shall not apply and the RDFI shall be liable for the total amount of all payments made, up to the amount in the account at the time the RDFI receives the Notice of Reclamation and has had a reasonable opportunity (not to exceed one business day) to act on the notice." [31 CFR Part 210.10(d)]

3. COINCIDING WITH DATE OF DEATH: An RDFI is not liable for any benefit payment dated (whose effective date is) the same as the date of death.

4. RDFI REACTION TIME: The RDFI, upon receipt of the government's Notice of reclamation, has UP TO ONE BUSINESS DAY to react to that reclamation by determining the account balance, and by preventing any further withdrawals of post-death government benefit payments from the account, if possible under the terms of the contract with the account holder.

5. RDFI RESPONSE DEADLINE: The RDFI has up to 60 days from the issue date of the reclamation to provide a full and accurate response to the proper Government Disbursing Office. Failure to respond timely may result in a debit to the RDFI's Federal Reserve account or the account of its correspondent for the total amount of the reclamation. This debit action will be final.

Follow-up to the Notice of Reclamation (FMS-2942)

A Follow-Up Notice is sent if the Government Disbursing Office does not receive a response within 30 days of the FMS-133, Notice of Reclamation; or if the RDFI's response to the Notice of Reclamation was incomplete or inaccurate.

A Follow-Up Notice is a reminder to the RDFI that a response to the Notice of Reclamation (FMS 133) must be received by the Government Disbursing Office within 30 days or the RDFI will forfeit the right to limit its liability.

A copy of the original Notice of Reclamation is attached to the Follow-Up Notice.

Any questions regarding this matter should be directed to the Government Disbursing Office shown in the upper right corner of the Notice of Reclamation.



Note: *If the Reclamation deadline is imminent, the RDFI should consider using overnight mail or some similar means to be sure to meet the government's deadline. If the RDFI wants proof it met the deadline, it should consider using certified "return receipt" mail or similar means for a signed receipt.*

Sample FMS-2942, Follow-up Notice

<p>DIRECT DEPOSIT</p> <p>ELECTRONIC FUNDS TRANSFER FEDERAL RECURRING PAYMENTS</p> <p>FOLLOW-UP TO NOTICE OF RECLAMATION</p>	<p>FROM:</p> <p>DATE:</p>
<p>REFERENCE: NOTICE OF RECLAMATION DATED: _____ (Copy Attached)</p> <p>FOR: _____ (Name) (Claim Number)</p>	
<p>Your financial institution did not properly respond to the attached Notice of Reclamation as required by 31 CFR Part 210. In order to avoid the possibility of a debit to your Federal Reserve account or the account of your correspondent, a properly completed Notice of Reclamation must be received by this office within 30 days from the date of this notice.</p>	
<p>ROUTING NUMBER: TO: DIRECT DEPOSIT COORDINATOR</p>	<p>DEPARTMENT OF THE TREASURY FINANCIAL MANAGEMENT SERVICE PROGRAM MANAGEMENT DIVISION FMS 2942 (3-89) EDITION OF 12-84 IS OBSOLETE</p>

FINANCIAL ORGANIZATION COPY

Federal Agency Collection from Withdrawers

If all or part of the post-death payments have been withdrawn from the account before the RDFI learns of the death, and the RDFI properly responds to the Reclamation and is qualified to limit its liability, then the Reclamation process will be temporarily suspended and the authorizing Federal agency will attempt to collect the outstanding total from the withdrawer(s).

If the authorizing Federal agency is unsuccessful in collecting the outstanding total from the withdrawer(s), the RDFI or its correspondent's Federal Reserve account will be debited (for the 45-day amount) not to exceed the outstanding total.

Debit of the RDFI's Account

If the RDFI fails to respond completely and accurately to a Notice of Reclamation by the due date, the Government Disbursing Office will debit the RDFI's Federal Reserve account or that of its correspondent account for the full amount of its outstanding liability. This action is final.

If the RDFI responds correctly and accurately to a Notice of Reclamation by the due date, and the Federal agency is unable to collect the balance on the FMS-133, the RDFI will be debited for the 45 day limited liability amount.

The table below shows when the authorizing Federal agency can exercise its authority to have an RDFI's Federal Reserve account debited.

Table 3-C

If the RDFI:	Then the RDFI (or its correspondent's) Federal Reserve Account
Fails to respond accurately and completely to the Notice of Reclamation.	will be debited for the outstanding total.
Fails to respond within the 60-day time limit of the Notice of Reclamation.	
Responds accurately, completely, and timely, (i.e., limited its liability) but the authorizing Federal agency can no longer collect the outstanding total from the withdrawers.	will be debited for the 45-day amount not to exceed the outstanding total.

How to Identify Debits using the Reclamation Ticket Number

When there is a liability for an ACH reclamation payment by a receiving depository financial institution (RDFI), the RDFI will receive a charge to their Federal Reserve Account. The reclamation ticket number will appear on the FI's Statement of Account. This ticket number is the same number as identified on the original FMS-133, Notice of Reclamation.

The FMS-133, Notice of Reclamation form provides the reclamation ticket number in the top right box of the form to the right of the date. It is important that you retain a copy of the original reclamation notice until the associated case is closed. All financial institutions should be capturing and storing the reclamation ticket number with the reclamation information. This ticket number should be used to identify debits for reclamations. **Coordination between the ACH reclamation area and your accounting department is critical to the reconciliation of your Statement of Account.**

Provided below is an example of how the debit for ACH reclamations will appear on your FRB Statement of Account:

BR	BATCH REF	OFFSET FI	DEBIT
9914 (510) 594-7183 57210 Treas ACH Rec Auto	03884 7502	051000033	21234456 500.00

Reclamation Ticket Number

Explanation of the Debit:

- 1) 9914 indicates an entry processed by FRB Philadelphia to an out of district bank.
- 2) This is the phone number of the RFC that initiated the debit. It is also provided in the upper right hand corner of the reclamation notice.
- 3) 57210 is the transaction code representing an automated debit on ACH reclamations from the San Francisco RFC. This transaction code number will be unique for each RFC. (See Table 3-D)
- 4) 03884 represents a batch number.
- 5) 7502 represents a reference number.
- 6) 051000033 is the FRB Philadelphia routing number.
- 7) 21234456 is the Reclamation Ticket number. This will be unique for each reclamation and is the same number as assigned on the original Notice of Reclamation, (FMS-133) form.
- 8) The dollar amount of the debit is indicated in the far right hand column.

Table 3-D**Transaction Codes for ACH Reclamations**

The table below shows the unique transaction codes numbers for each Regional Financial Center.

Transaction Code	Transaction Code Description	Definition	Daylight Overdraft Posting Times
57170	Treas ACH REC Auto	Debits for reclamation payments authorized by the Treasury to post to a financial Institution. These payments are initiated to FRB Philadelphia by the Kansas City Regional Financial Center Includes adjustments to such entries.	After close of Fedwire
57190	Treas ACH REC Auto	Debits for reclamation payments authorized by the Treasury to post to a financial Institution. These payments are initiated to FRB Philadelphia by the Philadelphia Regional Financial Center Includes adjustments to such entries.	After close of Fedwire
57210	Treas ACH REC Auto	Debits for reclamation payments authorized by the Treasury to post to a financial Institution. These payments are initiated to FRB Philadelphia by the San Francisco Regional Financial Center Includes adjustments to such entries.	After close of Fedwire

C. Errors in Death

If the Person did not Die

If the RDFI obtains satisfactory proof that the recipient or beneficiary is alive, the RDFI is still required to complete and return the Notice of Reclamation (see Table 3-E Step Action). Failure to respond to the Notice of Reclamation will result in a debit to the RDFI or its correspondent's Federal Reserve account for the outstanding total. In this case, a debit can only be restored after a verification process by the authorizing Federal agency.

Types of Evidence

The following are acceptable types of proof for verifying that the person did not die:

- Driver's license, picture ID or other evidence similar to that required for cashing a check, if the recipient or beneficiary appears at the RDFI.
- A signed, dated, and notarized statement attesting to the fact that the recipient or beneficiary is alive if, he/she is unable to appear at the RDFI.
- A written statement from the authorizing Federal agency verifying that the recipient or beneficiary is alive.

The RDFI is not obligated to accept the proof or to contact the authorizing Federal agency if any disagreements or questions arise with the person presenting the proof. Prudence is required, as the action taken by the RDFI may affect its liability. Disagreements will be adjudicated by the authorizing Federal agency after it has been contacted by the person presenting the proof.

Accepting the Proof

The table below shows what actions the RDFI must take if it accepts the proof that the person did not die.

Table 3-E

Step	Action
1.	Correct the error in the fact of death on the Disbursing Office Copy of the Notice of Reclamation.
2.	Sign Certification #1 on the back of the Disbursing Office Copy of the Reclamation, certifying that a correction has been made.
3.	Timely return the Notice of Reclamation with a copy of proof of error in fact of death to the Government Disbursing Office.
4.	Advise the recipient to contact the authorizing Federal agency to restart payments.

Rejecting the Proof

The table below shows the actions the RDFI must take if it rejects the proof that the person did not die.

Table 3-F

Step	Action
1.	Continue to process the Notice of Reclamation, which includes sending the Notice of Reclamation to account owner(s).
2.	Refer the person presenting the proof to the Federal agency.
3.	Notify the account owner(s) to provide a written statement from the Federal agency verifying that the recipient or beneficiary is alive, or the reclamation process will continue.

Restarting Payments

Once a reclamation has been processed, all further benefit payments will be stopped. Presenting acceptable proof that the death report was in error (and stopping the reclamation process) does not restart the monthly benefit payments. The recipient or beneficiary must contact the authorizing Federal agency to re-enroll in Direct Deposit.

If the Date of Death is Wrong

The RDFI is authorized to adjust the outstanding total, provided it obtains acceptable proof that the date of death shown on the Notice of Reclamation is wrong. *When correcting a date of death error, the RDFI should always return the completed reclamation within the 60 day time limit in order to prevent the debit action.*

Day of the Month is Wrong

The table below shows the actions the RDFI needs to take if the day of the month is wrong.

Table 3-G

IF	THEN	AND
the day of the month of death is wrong	The RDFI must provide in its response a copy of the death certificate with the correct date of death because this could affect the calculation of the limited liability amount.	The RDFI must respond within 60 days to the Notice of Reclamation.
<p>Note: <i>RDFI's are NOT authorized to make adjustments to the outstanding total if there is only an error in the day of death</i></p>		

Month or Year is Wrong

The table below shows the actions the RDFI must take if the month or the year is wrong.

Table 3-H

Step Action

1.	Enter the correct date of death on the back of the Disbursing Office Copy of the Notice of Reclamation.
2.	<p>IF the correct date of death is</p> <ul style="list-style-type: none"> • Later than the reported date of death THEN go to Step 3. • Earlier than the reported date of death the RDFI must... inform the account owners of the error; and check the appropriate box on the back of the Disbursing Office Copy of the Notice of Reclamation; and pay the amount listed on the Notice of Reclamation. <p><i>Note: Additional payments will be collected by a subsequent reclamation. However, if the RDFI is aware of any additional post-death benefit payments, it is in its best interest to return them immediately.</i></p>
3.	Sign Certification #1 on the back of the Disbursing Office Copy of the Notice of Reclamation.
4.	Complete the worksheet for adjusting the outstanding total. Refer to page 5-26
5.	<p>Pay the appropriate amount using the adjusted outstanding total. If the amount returned is less than the adjusted outstanding total...</p> <ul style="list-style-type: none"> • sign Certification #2 on the back of the Disbursing Office Copy of the Notice of Reclamation; and • provide name, last known address and phone number for all withdrawers, co-owners, and authorized signers.
6.	Return the completed Notice of Reclamation so it is received by the Government Disbursing Office within 60 days of the date on the Notice.

Learning of an Error After Completing a Reclamation

If the RDFI learns of an error in the date of death after returning a completed Notice of Reclamation and it has already satisfied its liability, it **MUST** contact the authorizing Federal agency (based on the payment type listed on the Notice of Reclamation) to make the appropriate adjustment.

If the RDFI is due a refund, the RDFI must provide supporting documentation to the authorizing Federal agency.



Note: Only the authorizing Federal agency can make adjustments after the debit action has been processed.

Worksheet for Adjusting the Outstanding Total if the Date of Death is Wrong

The worksheet below may be used by the RDFI to calculate the adjusted total if there is an error in the date of death.

Table 3-1

	PMT 1	PMT 2	PMT 3	PMT 4
List the month/day/year of each payment shown on the Reclamation form.	_____	_____	_____	_____
For each payment (shown on the Reclamation) did the person die before the date of the payment? (Enter “yes” or “no”)	_____	_____	_____	_____
For each “yes”, enter the dollar amount of the payment. (Do not enter the dollar amount if “no.”)	_____	_____	_____	_____
Total all “yes” payments \$_____				
(This is the adjusted outstanding total to use on the Notice of Reclamation).				

D. Subsequent Notice of Reclamation

The government may issue a subsequent Notice of Reclamation if the original Notice of Reclamation did not list all post-death benefit payments.

A subsequent Reclamation will be issued if the following apply; the date of death was earlier than shown on the original Notice of Reclamation, account number changed, and/or routing number changed.

What to do

The table below shows what actions the RDFI must take if it receives a subsequent reclamation:

Table 3-J
Step Action

1.	Respond as it would to an original Notice of Reclamation (See Table 3-B).
2.	Attach a brief cover letter, indicating that this is a subsequent Notice of Reclamation.

Previous debit

If the RDFI has already limited its liability and has been debited for the 45-day amount on the original reclamation case, it will not be debited again on a subsequent Reclamation for the same case. However, in order to maintain its limited liability status the RDFI must respond to all Notice of Reclamations received to prevent a debit to the RDFI or its correspondent's Federal Reserve account.

E. Contacts

FMS Payment Management Call Center

(855) 868-0151