

# 8 Glossary

## Actual or Constructive Knowledge

Under Title 31 CFR part 210, both agencies and RDFIs have obligations, rights and liabilities that are triggered by actual or constructive knowledge of the death or incapacity of a recipient or death of a beneficiary.

Actual or constructive knowledge, when used in reference to a federal agency's or RDFI's knowledge of the death or legal incapacity of a recipient or death of a beneficiary, occurs when it receives information, by whatever means, of the death or incapacity and has had a reasonable opportunity to act on such information, or that the federal agency or RDFI would have learned of the death if it had followed commercially reasonable business practices.

A federal agency is presumed to have constructive knowledge of a death or legal incapacity at the time it stops certifying recurring payments to a recipient if the agency (1) does not re-initiate payments to the recipient and (2) subsequently initiates a reclamation for one or more benefit payments made to the recipient.

## Agency

As defined in Title 31 CFR part 210, an agency is any department, agency, or instrumentality of the United States Government, or a corporation owned or controlled by the Government of the United States. The term agency does not include a Federal Reserve Bank (FRB).

## Annuitant

An annuitant is a retired federal employee or their survivor who is receiving payments from the Office of Personnel Management; a retired railroad employee, their spouse, or their survivor who is receiving payments from the Railroad Retirement Board; a retired military service person, their spouse or their survivor who is receiving payments from a military service.

## Annuity

An annuity is a recurring payment made to a retired individual, their survivor or spouse.

## Automated Clearing House (ACH)

As defined in Title 31 CFR part 210, ACH is a funds transfer system governed by Nacha, formerly NACHA – The Electronic Payments Association, Operating Rules and Guidelines which provides for the interbank clearing of electronic entries for participating financial institutions.

## ACH Non-Receipt Claim

An Automated Clearing House (ACH) non-receipt claim is a research method where a government disbursing office representative will contact a financial institution, by telephone, email or facsimile to resolve a payee's claim that they did not receive an ACH payment.

## Automated Clearing House (ACH) Rules

As defined in Title 31 CFR part 210, the Automated Clearing House (ACH) rules are the Operating Rules and the Operating Guidelines published by Nacha, formerly NACHA – The Electronic Payments Association, a national association of regional member clearing house associations, ACH Operators and participating financial institutions located in the United States.

## Automated Clearing House (ACH) 45-Day Amount

The Automated Clearing House (ACH) 45-day amount is the dollar amount of all the ACH payments received within 45 calendar days following the death or legal incapacity of a recipient or the death of a beneficiary.

## Automated Enrollment (ENR)

An Automated Enrollment (ENR) is a non-monetary entry sent through the ACH by any Receiving Depository Financial Institution (RDFI) to a federal government agency participating in the ENR program for the purpose of transmitting Direct Deposit enrollment information.

## Automated Standard Application for Payments (ASAP)

The Automated Standard Application for Payments (ASAP) is a recipient-initialized payment and information system, designed to provide a single point of contact for the request and delivery of federal funds.

## Authorizing Agency

An authorizing agency is the federal agency that authorized the initiation of the payment.

## Banking Day

With reference to a financial institution, a banking day is any day on which such financial institution is open to the public during any part of such day for carrying on substantially all of its banking functions, and, with reference to an Automated Clearing House (ACH) Operator, any day on which the appropriate facility of such ACH Operator is being operated.

## Beneficiary

As defined in Title 31 CFR part 210, a beneficiary is a natural person other than a recipient who is entitled to receive the benefit of all or part of a benefit payment. To illustrate, in a situation where there's a representative payee, the representative payee is the recipient and the beneficiary is the person on whose behalf the representative payee is managing the payment.

## Benefit Payment

As defined in Title 31 CFR part 210, a benefit payment is a payment for a federal entitlement program or for an annuity, including, but not limited to, payments for Social Security, Supplemental Security Income, Black Lung, Civil Service Retirement, Railroad Retirement annuity and Railroad

Unemployment and Sickness benefits, Department of Veterans Affairs Compensation and Pension, and Worker's Compensation.

### **Business Day**

A business day is a calendar day other than a Saturday, Sunday, or a federal holiday.

### **Claim Number**

A claim number is a number which identifies the recipient's or beneficiary's records at the federal agency that authorizes the payment; often a SSN or an equivalent identification number.

### **Claim Number Prefix**

A claim number prefix is a one or more alpha character(s) that precedes a claim number. These letters indicate the type of claim for which benefits are being paid.

### **Claim Number Suffix**

A claim number suffix is a one or two alphanumeric character that follows the claim number. These characters indicate the type of claim for which benefits are being paid.

### **Corporate Credit or Debit Entry (CCD)**

Corporate Credit or Debit Entry (CCD) is a corporate Automated Clearing House (ACH) format consisting of one detailed payment record and one addenda record. The Fiscal Service uses this format primarily to process vendor payments.

### **Corporate Trade Exchange (CTX)**

A Corporate Trade Exchange (CTX) is a corporate Automated Clearing House (ACH) format consisting of one detailed payment record with up to 9,999 addenda records. The CTX format is used to transmit information in the American National Standards Institute (ANSI) X12 electronic data interchange (EDI) syntax.

### **Death Notification Entry (DNE)**

A Death Notification Entry (DNE) is a notice to a Receiving Depository Financial Institution (RDFI) of the death of a Receiver. Only a federal government agency may originate a DNE entry.

### **Direct Deposit**

Direct deposit is an electronic funds transfer made through an ACH credit entry to a checking or savings account.

### **Discretionary Allotment**

A discretionary allotment is an amount permitted by the employing federal agency to be deducted from a federal government employee's net salary amount and paid to a recipient. The amount of discretionary allotments may not exceed the net pay due the employee for each pay period after all deductions required by law are subtracted.

### **Effective Entry Date**

An effective entry date is the date specified by the originator (authorizing agency) on which it intends a batch of entries to be settled. For debit entries, the effective entry date is one banking day following the processing date.

### **Electronic Federal Tax Payment System (EFTPS)**

The Electronic Federal Tax Payment System (EFTPS) is a system through which taxpayers remit federal tax payments electronically.

### **FastStart**

FastStart is an abbreviated Standard Form (SF) 1199A form used to enroll and/or make changes to Direct Deposit information.

### **Federal Payment**

As defined in Title 31 CFR part 210, a federal payment is any payment made by an agency. The term includes, but is not limited to:

- (1) federal wage, salary, and retirement payments;
- (2) vendor and expense reimbursement payments;
- (3) benefit payments; and
- (4) miscellaneous payments including, but not limited to, interagency payments; grants; loans; fees; principal, interest, and other payments related to United States marketable and nonmarketable securities, overpayment reimbursements; and payments under federal insurance or guarantee programs for loans.

### **Federal Reserve Bank (FRB)**

A Federal Reserve Bank (FRB) is a regional bank of the Federal Reserve System, which serves as the nation's central bank. FRBs serve as fiscal agents of the federal government's fiscal agent, process electronic payments for the federal government, and handle federal government deposits and checks.

### **Financial Institution**

As defined in Title 31 CFR part 210, a financial institution is a bank, savings bank, saving and loan association, credit union or similar institution.

### **Flagging**

Flagging is the automated marker on an account indicating that one or more account holders is deceased, and that all future federal payments for that account should be returned.

### **Financial Organization Master File (FOMF)**

A Financial Organization Master File (FOMF) is a master list of financial institutions receiving federal government Automated Clearing House (ACH) payments. It contains routing numbers (RTNs) and a single financial institution name and mailing address for each RTN.

### **Government Entry**

A defined in Title 31 CFR part 210, a government entry is an Automated Clearing House (ACH) credit or debit entry or entry data originated or received by an agency.

## Government Disbursing Office

A government disbursing office is a federal government office that disburses payments on behalf of an authorizing federal agency.

## Legal Incapacity

Legal Incapacity is a legal declaration that an individual is unable to manage their affairs properly.

## Limited Liability Amount

The sum of the account balance and the Automated Clearing House (ACH) 45-day amount. The limited liability amount is the financial institution's liability for benefit payments if funds have been withdrawn from the account after the death or legal incapacity of a recipient or death of a beneficiary, and the financial institution meets all requirements for limiting its liability. This amount may not exceed the outstanding total.

## Lockbox

A lockbox is a collection and processing service provided by a financial agent that accelerates the flow of funds to Treasury's General Account, and processes associated data. This service includes collecting the agency's mail from a specified post office box; opening envelopes, extracting, sorting, and batching the envelope contents; scanning and capturing required data from payment instruments and remittance documents; balancing and totaling batches; recording the payments; processing the items; making the deposit; and transferring the funds. Agencies receive remittance data either in hard copy or via electronic format.

## Misdirected Payment

A misdirected payment occurs when an agency has originated an ACH credit entry to an account that is not owned by the payee whose name appears in the ACH payment information.

## Nacha

Nacha is a membership association (previously known as the "NACHA – The Electronic Payments Association") which manages the development, administration, and governance of the Automated Clearing House (ACH) network used by financial institutions nationwide.

## Notice of Reclamation

As defined in Title 31 CFR part 210, a notice of reclamation is a notice sent by electronic, paper, or other means by the federal government to a Receiving Depository Financial Institution (RDFI) which identifies the benefit payments that an agency originated after death or legal incapacity of a recipient or death of a beneficiary, and for which the financial institution may be wholly or partially liable.

## Originating Depository Financial Institution (ODFI)

The Originating Depository Financial Institution (ODFI) is the financial institution which delivers Automated Clearing House (ACH) entries directly or indirectly through a third party to its ACH Operator.

## Outstanding Total

As defined in Title 31 CFR part 210, an outstanding total is the sum of all benefit payments received by a Receiving Depository Financial Institution (RDFI) from an agency after the death or legal incapacity of a recipient or the death of a beneficiary, minus any amount returned to, or recovered by, the federal government.

### **Prearranged Payment and Deposit (PPD)**

Prearranged Payment and Deposit (PPD) is the Automated Clearing House (ACH) format used by the federal government for consumer payments.

### **Reclamation**

A reclamation is a procedure to recover from a financial institution the amount of federal government recurring benefit payments that were paid to a financial institution's customer through the automated clearing house (ACH) after the death or legal incapacity of a recipient or the death of a beneficiary.

### **Receiving Depository Financial Institution (RDFI)**

For the purposes of the Green Book, Receiving Depository Financial Institution (RDFI) is the financial institution that receives the payment.

### **Recipient**

As defined in Title 31 CFR part 210, a recipient is a natural person, corporation, or other public or private entity that is authorized to receive a federal payment from an agency.

### **Representative Payee**

A representative payee is a person or institution authorized by an authorizing federal agency to accept payments for the benefit of one or more other persons, such as legally incapacitated adults or dependent children.

### **Third-Party Processor/Third-Party Service Provider**

A third-party processor or third-party service provider is a company that receives and processes Automated Clearing House (ACH) transaction data for a financial institution.

### **Trace Number**

A trace number is a fifteen-digit number assigned by the Originating Depository Financial Institution (ODFI) to uniquely identify an Automated Clearing House (ACH) entry. The first eight digits are the ODFI's routing number, and the last seven digits are the unique item number. The trace number is part of the original payment data forwarded to the financial institution and is included in each Entry Detail, Corporate Entry Detail, and Entry Detail Addenda Record.

### **Trace Request (FS Form 150.1)**

A trace request is a form sent by the government disbursing office to a financial institution reporting a non-receipt claim by a payee for an Automated Clearing House (ACH) payment.

### **TreasuryDirect**

TreasuryDirect is a book-entry securities system in which investors' accounts of book-entry Treasury marketable securities are maintained. It is designed for investors who purchase Treasury securities and intend to hold them until maturity.

## Treasury Financial Manual

As defined in Title 31 CFR part 210, the Treasury Financial Manual (TFM) is a manual issued by the Fiscal Service containing procedures to be observed by all agencies, Federal Reserve Banks (FRB), and financial institutions with respect to payments, collections, central accounting, financial reporting, and other government-wide fiscal responsibilities of the Treasury.

## Vendor Payment

A vendor payment is the electronic transfer of funds and payment-related information used by the federal government for payments to businesses that provide goods and services.