Back to Basics

Boot Camp for Beginners:

ACH

Presented by:
Macha/PAR – Everything Payments - Everywhere
www.macha.org

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Agenda

- What is ACH?
- ACH System Participants
- Governance
- Formatting and Functionality
- Transaction Types
- Returns

- Regulation E
- Federal Government Payments

What is ACH?

ACH Payment System

- Batch process, store, and forward net settlement payment system
- Credit and Debit Entries
- Checking, Savings, General Ledger and Loan accounts
- Same-Day and Future Date Settlement
- Single, Recurring and Subsequent Entries

WHAT IT IS; WHAT IT IS NOT

What is an ACH?

- Electronic Transaction
- Debit or Credit
- Checking or Savings
- Consumer / Corporate
- Commercial / Government
- Recurring or One-time payment
- Authorized

What is not an ACH?

- Checks & Check 21
- Preauthorized Paper Draft Items/Remotely Created Checks
- Wire Transfers
- Credit Card
- Debit Card (cards you issue from your financial institution)

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ACH System Participants
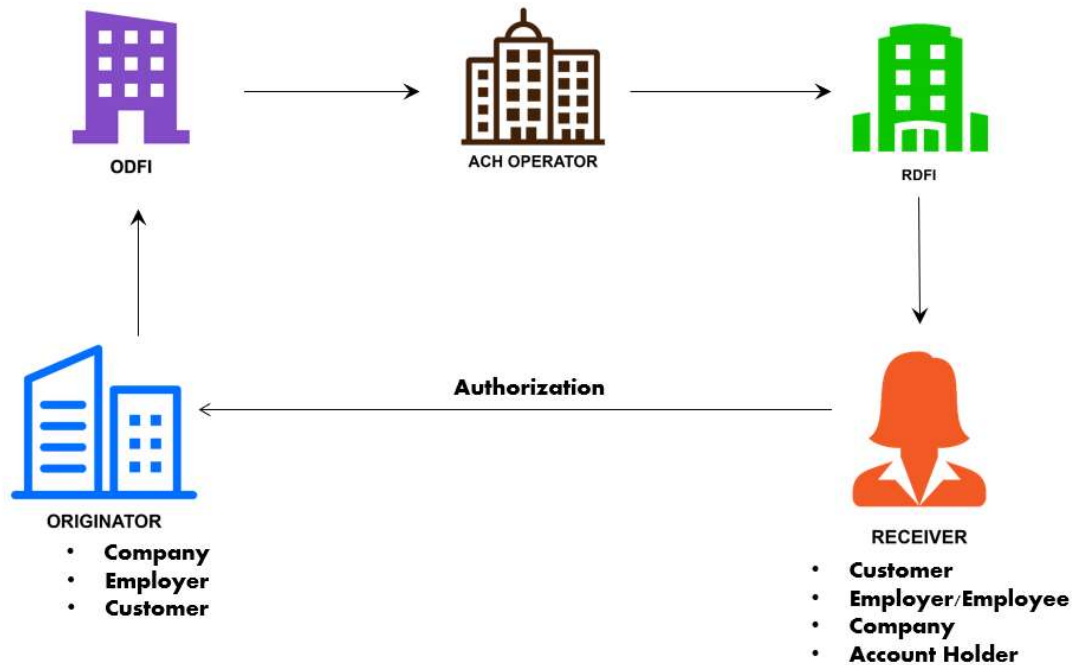
ACH Payment System Participants

- **Originator:** Individual, company or Government agency who obtains the Receiver's authorization and initiates the entry

- **Originating Depository Financial Institution (ODFI):** Maintains an Origination Agreement with Originator and transmits entries to the ACH Operator; Carries the warranty for all entries it originates

- **ACH Operator:** Central clearing facility for ACH Entries; inserts Settlement Date

- **Receiving Depository Financial Institution (RDFI):** Receives ACH Entries from the ACH Operator and posts to Receiver's account

- **Receiver:** Maintains an account with the RDFI and authorizes the ACH Entry

ACH Payment System Flow

ODFI → ACH OPERATOR → RDFI

ORIGINATOR
- Company
- Employer
- Customer

Authorization

RECEIVER
- Customer
- Employer/Employee
- Company
- Account Holder

Originator

- The company/entity offering ACH services
- Written agreement with ODFI
- Comply with Applicable Rules
- Obtain authorization from Receiver
- Maintain Consumer Authorizations 2 years from termination
- Respond to Returned Entries and NOC's

Originating Depository Financial Institution (ODFI)

- Transmits Entries to the ACH Operator
- Agreement with Originator
- Establish Credit Exposure Limits
- Provides Returns and NOC's to the Originator
- Maintain ACH records for 6 years
- Audit once every year
- Risk Assessment
- **Full Warranty for all entries!!!!!!!**

ACH Operator (FRB and EPN)

- Processes, edits, sorts, and distributes ACH entries

- Inserts Settlement Date

- Calculate Settlement Amounts

- Reject Batches and Files not formatted correctly

- Maintain Record of transactions for 1 year

Receiving Depository Financial Institution (RDFI)

- The financial institution that receives the ACH transaction on behalf of their account holder
- May rely on Account # only for posting
- Make Funds Available
- Provide Periodic Statements
- Return Transactions not Posted
- Verify Prenote Transactions
- Maintain Records for 6 Years
- Audit once every year
- Risk Assessment

Receiver

- The account holder and recipient of the ACH transaction
- Consumer or Corporate
- Authorizes Payments (credits or debits)
- Responsible for Canceling Authorization
- Monitor Account Statements, Report Errors

Additional ACH Payment System Participants

- **Third-Party Service Provider:** An Organization that performs any function on behalf of the Originator, the Third-Party Sender, ODFI, or RDFI related to processing of entries

- **Third-Party Sender:** A type of TPSP who acts as an intermediary between the Originator and the ODFI

- **Sending Point:** A processing site from which entries are transmitted to the ACH Operator on behalf of an ODFI (Originating Depository Financial Institution)

- **Receiving Point:** A site where entries are received from an ACH Operator for processing on behalf of a RDFI (Receiving Depository Financial Institution)

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Governance

ACH Payment System Governance

Nacha Operating Rules	FRB Operating Circular 4	UCC 4A	31 C.F.R. Part 210
OFAC	BSA	Regulation CC	Regulation D
	Regulation E		

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Nacha Operating Rules and Guidelines

- "The Book"
- 2024 Nacha Operating Rules
  - **www.nachaoperatingrulesonline.org**
    - Access to Rules and supplements
    - Printing, bookmarking
  - Revisions Section
    - Rules passed
    - Highlighted text =
      - New or revised Rule
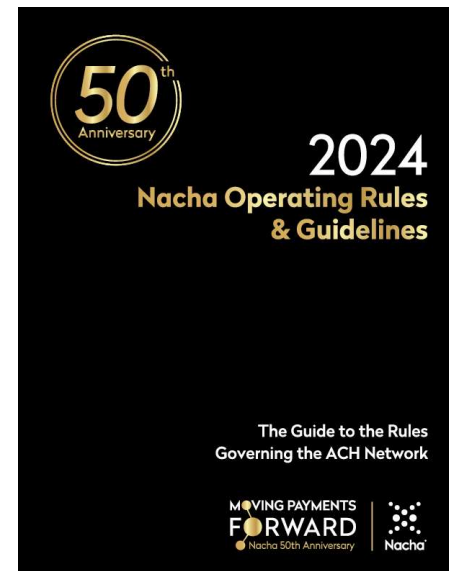
Using the "Book"

- **Take Advantage of the Resources in the "Book"**
  - Any word that is **Capitalized** is defined in **Article Eight**
  - **Appendix Four** – Return Reason Codes
    - Type, timing, written statement
  - **Guidelines Pages** charts, samples, etc
    - Written Statement of Unauthorized Debit

"Rules" Layout in the "Book"

- Article 1 – General Rules
- Article 2 – Rights and Responsibilities of ODFIs, their Originators and Third-Party Senders
- Article 3 - Rights and Responsibilities of RDFIs and their Receivers
- Article 4 - Rights and Responsibilities of ACH Operators
- Article 5 - Rights and Responsibilities of Gateways for IAT Entries
- Article 6 - Rights and Responsibilities of the National Association
- Article 7 – Settlement
- Article 8 – Definition of Terms

- Appendix One – File Exchange Specifications
- Appendix Two – Specifications for Data Acceptance by ACH Operators
- Appendix Three – ACH Record Format Specifications
- Appendix Four – Return Entries
- Appendix Five – Notifications of Change
- Appendix Six – Acknowledgement Entries
- Appendix Seven – Compensation Rules
- Appendix Eight – Arbitration Procedures
- Appendix Nine – Rules Enforcement
- Appendix Ten – Determination and Review of Same Day Entry Fee

Rules Enforcement

Governs the rules enforcement procedures to be applied in the event of:

1. A Nacha Operating Rules violation,
2. The identification of an Originator or Third-Party Sender with excessive return rates, or
3. The failure of a Participating DFI to comply with a direct obligation to Nacha

Class 1 Rules Violation

Recurrence of previous rule violation
- Same infraction
  - Originator, ODFI, Third-Party Service Provider, RDFI
  - Within 1 year of Resolution Date of initial Rules Violation
- First Recurrence
  - Up to $1,000
- Second Recurrence
  - Up to $2,500
- Third Recurrence
  - Up to $5,000

Class 2 Rules Violation

ODFI fails to:

- provide complete and accurate information to Nacha within 10 Banking Days

- reduce Return Rate below Unauthorized Entry Return Rate Threshold within 30 days

- maintain acceptable Unauthorized Return Rate for 180 days

- reduce Administrative or Overall Return Rate(s) below applicable Return Rate Level(s) within 30 days

- maintain acceptable Administrative or Overall Return Rate(s) for 180 days

- register Direct Access or provide data reporting regarding a Direct Access Debit Participant

Participating DFI:

- does not respond to Notice of Rules Violation or Notice of Possible Fine

- responds that it does not intend to correct rules violation

- Fails to respond to information about unauthorized return rate, fails to reduce unauthorized return rate within 30 days, fails to maintain unauthorized return rate for 180 days

- Fails to register Direct Access Status/report data

- Fails to provide proof of audit, if requested

- ACH Rules Enforcement Panel determines resolution timeframe excessive

- Nacha believes violation causes excessive harm to ACH Network

- Fourth recurrence

Class 2 Rules Violation

- Class 2 Rules Violation Fine
    - Up to $100,000 per month until problem resolved
    - Separate monthly fines could be assessed for different Originators/Third Party Service Providers

Class 3 Rules Violation

- Class 3 Rules Violation
  - Class 2 Rules Violation for 3 consecutive months
- Class 3 Rules Violation Fine
  - Up to $500,000 per month until resolved
- Suspension
  - ACH Rules Enforcement Panel determines Class 3 Rules Violation for specific Originator/Third Party Sender
  - Panel directs ODFI to suspend origination for that Originator/Third Party Sender
  - Only ACH Rules Enforcement Panel may lift suspension
  - Nacha will notify Participating DFIs, ACH Operators, Regional Payment Associations of suspension and reinstatement

Formatting and Functionality

The Basics of File Formatting

- Each ACH Record has 94 characters
- ACH File Format
    - File Header, Company Batch Header
    - Entry Detail, Addenda
    - Company Batch Control, File Control
- Fields are Mandatory (M) Required (R) Optional (O)
- Each Entry has a 15-digit Trace Number
- First 8 digits of trace number are the first 8 digits of the ODFI Routing Number
    - www.frbservices.org

ACH File

```
File  Edit  Format  View  Help

101 051000033 0220000461110131039A094101Federal Reserve Bank   Main Bank
5200MACHA BILLING                    1521051341CCDMACHA FEES        111031  1022000040000001
6270311006360001234 5             0000032942MACHA MFI 00102The First National Ban 0022000040023413
64703131874573185732              0000118593MACHA MFI 00104Traditional Bank       0022000040023414
627052000113224455                0000143245MACHA MFI 00106Main Bank              0022000040023415
647052000773042300000000867321 0000023556MACHA MFI 00108Friendly Bank          0022000040023416
647052001772772266                0000081245MACHA MFI 00109Bank of Marylan        0022000040023417
627052000113555666 98             0000004912MACHA MFI 00110Community Bank         0022000040023418
6270520802569999999999999990000009112MACHA MFI 00111Your Federal Credi     0022000040023419
820000000700322502380000004136050000000000001521051341                           022000040000001
900000010000020000000700322502380000004136050000000000000
99999999999999999999999999999999999999999999999999999999999999999999999999999999999999999999999999
99999999999999999999999999999999999999999999999999999999999999999999999999999999999999999999999999
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Notes:

Account Numbers are not real!
Dollar Amounts are not real!

This is a file with a single batch that has 7 Entries and 0 Addenda Records
```

Delivery of ACH Entries to the ACH Operator

- Credits
  - Up to two days prior to the Settlement date
  - Or Same Day settlement – under $1 million no IAT
- Debits
  - One day prior to the Settlement Date
  - Or Same Day settlement – under $1 million no IAT
- Exception for Federal Government Entries
  - Whenever they want to send
  - Ex: 5 days in advance

Dates in the ACH

- **Effective Entry Date**
  - Assigned by Originator/ODFI
  - YY/MM/DD = **240207**
  - Effective Entry Date + Timing of Deposit at ACH Operator
  - = Settlement Date

- **Settlement Date**
  - Assigned by ACH Operator
  - Format is Julian Date
  - 3-digit day of year
  - **February 07, 2024 = 038**

- ACH Participants actions based on **Settlement Date**

Posting and Funds Availability

- Posting / Funds Availability
  - Credits – by Settlement Date
    - may post prior
  - Debits – not before Settlement Date
    - cannot post prior
  - Credits – Entries that are made available by the ACH Operator by 5 pm on the banking day prior to the settlement date must be made available for cash withdrawal by 9:00 am on the Settlement date
    - Same Day ACH Credits = 1:30 pm, 5 pm and end of day funds availability

Same Day ACH

Functionality	Same Day ACH Processing
Transaction Eligibility ($1 million limit, IAT not eligible)	Credits and debits
Same Day ACH Processing Deadlines	10:30 AM ET 2:45 PM ET 4:45 PM ET
Settlement Time(s)	1:00 PM ET 5:00 PM ET 6:00 PM ET
ACH Credit Funds Availability	1:30 PM RDFI local 5:00 PM RDFI local End of Day local

Transaction Types

Transaction Types

PPD	TEL	WEB
• The First Type (1975) • Consumer • Generally signed authorization • Debits or Credits	• Authorized over the Phone • Consumer provides Account Information	• Consumer on the Internet • Provides Account Information • Also for "Mobile" • WEB Credit for P2P • Hey "Alexa" pay my bill

Transaction Types

ARC	BOC	POP	RCK
• Check written • Notice on Bill • Sent by Mail • Check # on Statement • Ex: Verizon	• Check Written in Store • Notice Provided • Check # on Statement • Ex: Target	• Check Written in Store • Check Voided • Written Signature • Check # on Statement • Ex: Walmart	• Check Written In Store • Check presented & returned NSF • Check # on Statement • REDEPCHECK

Transaction Types

POS	IAT
• Card Issued by Originator • Example: Target, Kwik Trip • When swiped ACH debit sent • Risk – Originator does not know if funds are available	• Consumer & Corporate • Originator determines if International • Many issued by PayPal • Requires additional handling by your staff

Transaction Types

CCD – Corporate Credit or Debit (1 addenda)
   receivables/payables – agreement
CTX - Corporate Trade Exchange (up to 9,999 addenda)
   receivables/payables – agreement - EDI
   CCD + and CTX may be processed with no payment, information only.
CIE – Customer Initiated Entry (Bill Payment)

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Prenotification Entry

- Prenotification Entry (Prenote): a Non-Monetary Entry (non-value or zero dollar) initiated by an Originator to an RDFI prior to the initiation of the first credit or debit Entry to a Receiver's account with the RDFI. A Prenotification notifies that RDFI that the Originator intends to initiate one or more credit or debit Entries to a Receiver's account with that RDFI in accordance with the Receiver's authorization.

- A Prenote conveys the same information that will be carried on subsequent entries, except for the dollar amount, transaction code, and any addenda records.

- Prenotes can be received in any ACH file on any day with live entries or non-monetary entries.

Prenotification Entry

- An RDFI must verify that the account number contained in the Prenotification is for a valid account. If it does not, or is otherwise erroneous or unprocessable, then the RDFI must Transmit either (a) a Return Entry, or (b) a Notification of Change.

- An RDFI that receives a prenotification entry is obligated only to verify the validity of the Receiver's account number; it may choose to verify additional contents of the prenotification (i.e. Receiver's name), but it has no obligation to do so.

- The RDFI can process a prenote immediately upon receipt and does not need to warehouse the entry.

- Exception items must not be suspended at the RDFI; they must be posted on a timely basis or returned in the proper time frame.
    - Accept if correct-no further action required
    - Manually post
    - Manually post and initiate an NOC
    - Return the entry

Prenotification Entry

- An Originator that has originated a Prenotification Entry to a Receiver's account may initiate subsequent Entries to the Receiver's account as soon as the third Banking Day following the Settlement Date of the Prenotification Entry, provided the ODFI has not received a Return, or a Notification of Change (COR) related to the Prenotification.

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Micro-Entries

- "A credit or debit Entry used by an Originator for the purpose of verifying a Receiver's account or an individual's access to an account."

- A credit Micro-Entry must be in an amount of less than $1.00.

- One or more debit Micro-Entries must not exceed, in total, the amount of the corresponding credit Micro-Entries.

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Micro-Entries

- The Company Entry Description field must contain "ACCTVERIFY."

- The Company Name must be readily recognizable to the Receiver and be the same or similar to the Company Name that will be used in future Entries.

- Credit Micro-Entries and the corresponding debit Micro-Entry offsets (if used) must be simultaneously sent for settlement at the same time.

- The total amount of the credit Micro-Entry(ies) must equal to or greater than the value of the debit Micro-Entry(ies).
  - The aggregate total of the debits and credits cannot result in a net debit to the Receiver's account.

- An Originator using Micro-Entries may initiate future Entries to the Receiver's account as soon as the Originator's process for validating the amounts of the Micro-Entries has been completed.

Returns

What is an ACH Return?

A return entry is used when the RDFI is unable to post an ACH transaction or when an entry is being disputed.

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What can we return?

The ACH Rules allow an RDFI to return any entry for which there is a valid Return Reason Code. For example:

- Incorrect information that prevents the RDFI from identifying the correct account (receiver) (Name and account number do not have to match, can post based solely on SEC code and account number)
- A change in the account relationship (death of a receiver or closure of an account)
- Insufficient or uncollected funds in the Receiver's account
- An entry that the receiver did not authorize or has revoked authorization.

General Return Timeframe

A return entry must be transmitted so that it will be made available to the ODFI no later than the opening of business on the second banking day following the Settlement Date of the original entry.

Extended Return Timeframe

An extended timeframe return entry must be transmitted so that it will be made available to the ODFI no later than the opening of business on the banking day following the 60th calendar day following settlement date of the original entry.

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2/1/2024

General Timeframe Return Reason Codes

- **R01-Insufficient Funds**-Available balance is not sufficient to cover the dollar value of the debit entry.

- **R02-Account Closed**-A previously active account has been closed by the customer or the RDFI.

- **R03-No Account/Unable to Locate Account**-Account number structure is valid but does not correspond to the individual identified in the entry or is not an open account.

- **R04-Invalid Account Number**-Account number structure is not valid; entry failed check digit validation or may contain an incorrect number of digits.

General Timeframe Return Reason Codes

- **R08-Payment Stopped**-Receiver of a debit transaction has stopped payment on a specific ACH debit.

- **R09-Uncollected Funds**-Sufficient book or ledger balance exists to satisfy dollar value of the transaction, but the dollar value of transactions in process of collection brings the available or cash reserve balance below value of the debit entry.

General Timeframe Return Reason Codes

- **R16-Account Frozen**-Access to account is restricted due to specific action taken by the RDFI or by legal action; or OFAC has instructed the RDFI to return the entry.

- **R17-File Record Edit Criteria/Entry with Invalid Account Number Initiated Under Questionable Circumstances/Return of Improperly-Initiated Reversal**-(1) Fields cannot be processed by RDFI; (2) the entry contains an invalid DFI account number and is believed by the RDFI to have been initiated under questionable circumstances; (3) either the RDFI or Receiver has identified a Reversing Entry as one that was improperly initiated by the Originator or ODFI.

General Timeframe Return Reason Codes

- **R20-Non-Transaction Account**-ACH entry is destined for a non-transaction account (as defined by Regulation D).

- **R23-Credit Refused by Receiver**-Receiver refuses credit entry.

- **R24-Duplicate Entry**-Trace number, date dollar amount and/or other data matches another transaction.

- **R29-Corporate Customer Advises Not Authorized**-RDFI has been notified by Receiver that entry was not authorized. (Non-consumer)

- **R39-Improper Source Document**-RDFI has determined the source document used for the ARC, BOC, POP entry to its Receiver's account is improper.

Quiz #1

You've Got a Friend in Me Credit Union receives an ACH debit entry in the amount of $325.00 destined to time deposit account 75984-5. This account does not allow electronic debit transactions. What return reason code should be used to return this entry?

a. R04-Invalid Account Number

b. R20-Non-Transaction Account

c. R08-Payment Stopped

Quiz #2

- Country Roads Bank receives an ACH credit entry in the amount of $55.00 for Mr. J Denver to account 459852. Mr. Denver's account number is 54689. What return reason code should be used to return this entry?

a. R04-Invalid Account Number

b. R23-Credit Refused by Receiver

c. R03-No Account/Unable to Locate Account

QUIZ TIME!

Written Statement of Unauthorized Debit (WSUD)

- A statement by a consumer declaring that a particular ACH transaction was unauthorized, improper or that authorization for the transaction had been revoked.

- An ODFI may request, in writing, a copy of the Written Statement of Unauthorized Debit (WSUD) up to one year from the date of the extended return.

- Upon receipt of a timely request, an RDFI must provide a copy of the WSUD within 10 banking days.

- The ACH Rules requires the financial institution to retain the original or a reproducible copy of the WSUD for one year from the Settlement Date of the extended return entry.

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Extended Timeframe Return Reason Codes

- **R05-Unauthorized Debit to Consumer Account Using Corporate SEC Code**-A CCD or CTX debit entry was transmitted to a Consumer Account and was not authorized by the receiver. (**WSUD**)

- **R06-Returned per ODFI's Request**-ODFI has requested RDFI to return the ACH entry (optional to RDFI); ODFI indemnifies RDFI.

- **R07-Authorization Revoked by Customer**-Consumer, who previously authorized ACH payment(s), has revoked authorization from Originator. (Prohibited use for ARC, BOC, POP and RCK) (**WSUD**)

Extended Timeframe Return Reason Codes

- **R10-Customer Advises Originator is Not Known to Receiver and/or Originator is Not Authorized by Receiver to Debit Receiver's Account**- RDFI has been notified by Receiver that the Receiver does not know the identity of the Originator; has no relationship with the Originator; or has not authorized the Originator to debit his account. (**WSUD**)
  - ARC and BOC – signature on the source document is not authentic, valid, or authorized
  - POP – signature on the written authorization is not authentic, valid, or authorized

Extended Timeframe Return Reason Codes

- **R11-Customer Advises Entry Not in Accordance with the Terms of the Authorization**-RDFI has been notified by Receiver that the Originator and Receiver have a relationship and an authorization to debit exists, but there is an error or defect in the payment such that the entry does not conform to the terms of the authorization. (**WSUD**)
  - Wrong amount, wrong date, part of an incomplete transaction or improperly reinitiated
  - ARC, BOC, POP – ineligible source document, notice was not provided, incorrect amount
  - Improperly initiated reversing entry
  - No affirmative action taken to initiate a subsequent entry to a Standing Authorization

Extended Timeframe Return Reason Codes

- **R14-Representative Payee Deceased or Unable to Continue in that Capacity**-The representative payee authorized to accept entries on behalf of a beneficiary is either deceased or unable to continue in that capacity.

- **R15-Beneficiary or Account Holder Deceased**-(1) The beneficiary entitled to payments is deceased; or (2) the account holder other than a representative payee is deceased.

- **R31-Permissible Return Entry (CCD and CTX only)**-RDFI has been notified by ODFI that ODFI agrees to accept a return entry beyond normal deadline.

- **R33-Return of XCK Entry**-RDFI, at its discretion, returns an XCK entry.

Extended Timeframe Return Reason Codes (ARC, BOC and POP)

- **R37-Source Document Presented for Payment**-The source document to which an ARC, BOC or POP entry relates has been presented for payment. (**WSUD**)

- **R38-Stop Payment on Source Document**-A stop payment has been placed on the source document to which the ARC or BOC entry relates. (Original stop payment form covers the return)

Quiz #3

Miss Smith calls her bank to report a debit entry that posted to her consumer account as unauthorized. The transaction posted 3 weeks ago. When the bank employee reviews the details of the payment, he discovers the payment is a CCD debit. What return reason code should be used to return this entry?

a. R29-Corporate Customer Advises Not Authorized

b. R10-Customer Advises Originator is Not Known to Receiver and/or Originator is Not Authorized by Receiver to Debit Receiver's Account

c. R05-Unauthorized Debit to Consumer Account Using Corporate SEC Code
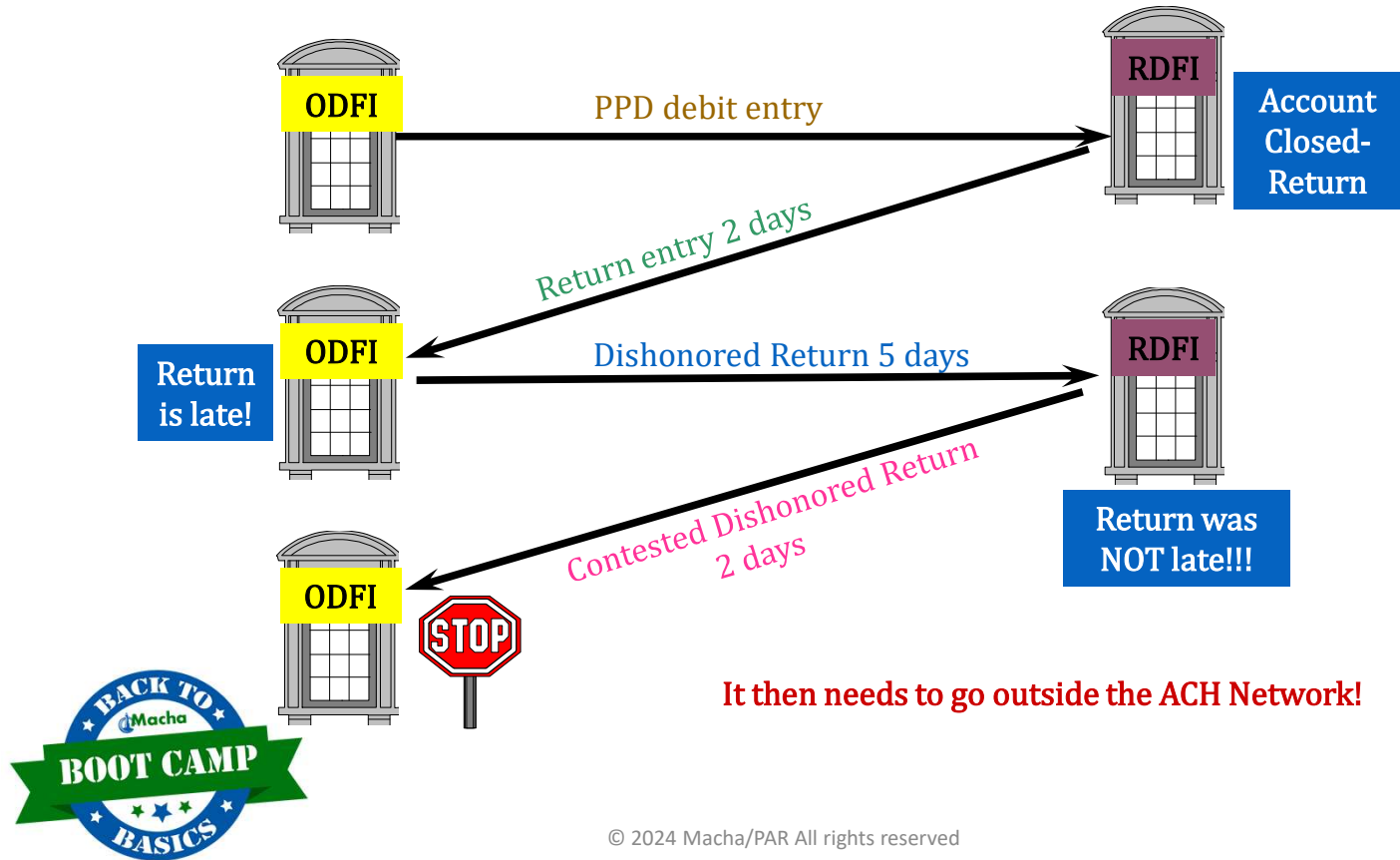
Quiz #4

Mr. La Fleur called his credit union after noticing that he received a debit from Globo Gym. According to Mr. La Fleur, he cancelled his membership last month, on the 17th of the month, in writing, following the cancellation instructions in his membership agreement. What return reason code should be used to return this entry?

a. R07-Authorization Revoked by Customer

b. R11-Customer Advises Entry Not in Accordance with the Terms of the Authorization

c. R08-Payment Stopped

Who Has The Last Right of Return?

ODFI — PPD debit entry → **RDFI** — Account Closed-Return

Return entry 2 days

ODFI — Dishonored Return 5 days → **RDFI**

Return is late!

Return was NOT late!!!

Contested Dishonored Return 2 days

ODFI STOP

It then needs to go outside the ACH Network!

Regulation E

Regulation E – Purpose

Carry out the goals of the Electronic Fund Transfer Act

• Sets forth the basic rights, liabilities, and responsibilities of consumers who use electronic fund transfer services and the financial institutions that offer such services.

Consumer protection when engaging in electronic fund transfers

Regulation E - Coverage

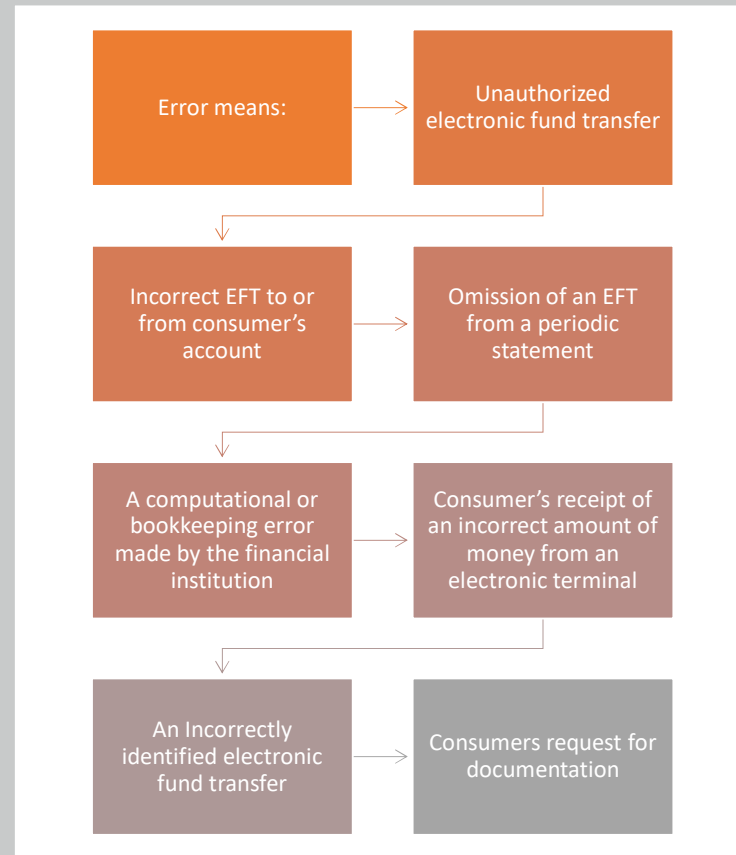| General (Subpart A)	EFT defined
• Applies to any EFT that authorizes a FI to debit or credit a consumer's account	• The term EFT means any transfer of funds that is initiated through an electronic terminal, computer, or magnetic tape for the purpose of ordering, instructing, or authorizing a FI to debit or credit a consumer's account • **ACH (PPD, ARC, BOC, POP, TEL, WEB)** • Debit Card Transactions (PIN & Signature) • ATM Transactions • Other consumer EFTs (P2P, Cross-border remittance)

Error Resolution 1005.11

Error means:
→ Unauthorized electronic fund transfer

Incorrect EFT to or from consumer's account
→ Omission of an EFT from a periodic statement

A computational or bookkeeping error made by the financial institution
→ Consumer's receipt of an incorrect amount of money from an electronic terminal

An Incorrectly identified electronic fund transfer
→ Consumers request for documentation

Error Resolution

- **Regulation E** provides rules that protect consumers with regards to "errors" in electronic transactions.

- If a consumer claims that an error has occurred, the financial institution is required to:

  - Take **ACTION** by:
    - **INVESTIGATING** the error
    - Providing a **RESOLUTION** to the consumer and,
    - **COMMUNICATING** the resolution to the consumer

Federal Government Payments

Bureau of the Fiscal Service

- A bureau of the U.S. Department of the Treasury
- Responsible for:
  - Financing government operations
  - Operating the federal government's collections and deposit systems
  - Providing central payment services to the American public on behalf of government agencies
  - Delivering administrative and information technology services
  - Providing financial services and information

Code of Federal Regulations

- **31 CFR 210:**
  - Governs the Federal Government's participation in the ACH Network
  - Binds the Federal Government to the 2021 Nacha Operating Rules
  - Provides the basis for the information found in the Green Book

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Green Book

- A comprehensive guide for financial institutions that receive ACH payments from the federal government

- Designed to deal primarily with exceptions or issues unique to federal government operations

- Online only resource

- https://fiscal.treasury.gov/reference-guidance/green-book/
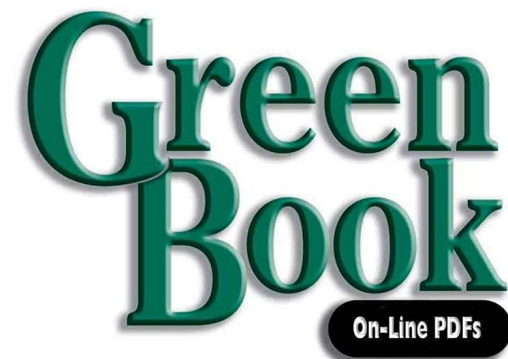
A Guide to Federal Government

ACH Payments

Federal Government Benefits

- All new Recipients since 1998 on cycled days based on day of birth:

Birth Date:	Payment Day:
1st - 10th	Second Wednesday
11th - 20th	Third Wednesday
21st - 31st	Fourth Wednesday

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 benefits (VA) Railroad retirement annuity (RRB)	Central Intelligence Agency annuity (CIA)	Workers' compensation (FECA) Longshore and Harbor Workers'
	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

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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

Knowledge Check

- Beneficiary (recipient) MUST be alive on payment date to keep the funds
- Let's test your knowledge – the Date of Death is April 1
  - To keep or Return?
    - SSA Payment Rec'd April 1
    - SSA Payment Rec'd March 30
    - SSI Payment Rec'd April 2
    - IRS Tax refund received May 2

Test your knowledge QUIZ time

Continuing Education Credits

Back to Basics-Boot Camp for Beginners-ACH

February 2024

This session is worth 3.6 credits

(keep this slide for your records)