



SOCIAL SECURITY CASEWORKERS

URGENT!

***2001 FEDERAL DEBT COLLECTION &
SOCIAL SECURITY PAYMENTS GUIDE***

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COMMISSIONER

DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
WASHINGTON, D.C. 20227

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Dear Social Security Caseworker:

Beginning in May 2001 and the months that follow, Social Security beneficiaries who receive a monthly benefit payment of **more than \$750**, will begin having their payments reduced by **up to 15%** if they owe a delinquent federal **non-tax debt** that has been referred to the Department of the Treasury for collection. The payments will be reduced each month until the debt is paid or otherwise resolved; however, **no payment will ever be reduced to an amount below \$750**. The reduced amount is sent to the federal agency owed the delinquent debt. These collections are mandated by the Debt Collection Improvement Act of 1996.

I am pleased to provide you with this guide, which is a series of questions and answers on this debt collection program that is administered by the Department of the Treasury's Financial Management Service. This information, I hope, will be helpful to you in assisting constituents. Please feel free to contact the Office of Legislative and Public Affairs (202-874-6760) if we can be of service in any way.

Sincerely,

Richard L. Gregg

**Delinquent Federal Non-Tax Debt Collection
&
Social Security Benefit Payments**

Q. Who Is Affected?

- A. Social Security beneficiaries who owe a delinquent non-tax debt and whose monthly Social Security benefit payments EXCEED \$750 per month will have their payments reduced.

Q. Who Is Not Affected?

- A. The following Social Security beneficiaries will not have their monthly benefit payments reduced:

1. those receiving a monthly Social Security benefit payment **less than \$750**.
2. those receiving monthly Supplemental Security Income (SSI) payments.

Q. What Kinds Of Non-Tax Debts Are Owed?

- A. The most common delinquent federal non-tax debts owed are:

1. student loans (U.S. Department of Education);
2. Farm Service Agency and Rural Development Agency loans (U.S. Department of Agriculture);
3. Food Stamp Program benefit overpayments (U.S. Department of Agriculture);

Q. What Percentage Of A Social Security Beneficiary's Monthly Benefit Payment Will Be Reduced?

- A. 15% is the MAXIMUM AMOUNT that a beneficiary's monthly benefit payment will be reduced. No payment will ever be reduced to an amount below \$750. Three examples follow:

Example One

- ◆ A beneficiary who is a delinquent debtor receives a monthly benefit payment of \$1,000. The payment would be reduced by \$150 (15% of \$1,000) to apply toward a debt. The remaining \$850 would be sent to the beneficiary.

Example Two

- ◆ A beneficiary who is a delinquent debtor receives a monthly benefit payment of \$850. The payment would be reduced by \$100 to apply toward a debt. The remaining \$750 would be sent to the beneficiary.

Example Three

- ◆ A beneficiary who is a delinquent debtor receives a monthly benefit payment of \$750. There would be no reduction in the payment. The beneficiary would receive the entire amount.

Q. Will A Social Security Beneficiary Receive Notice Before A Benefit Payment Is Reduced?

- A. Yes. **Before** a federal agency to which a delinquent debt is owed refers the debt to the Financial Management Service for collection, **the agency** will notify the debtor of the intent to have a benefit payment reduced and will give the debtor the opportunity to review the basis for the debt. In addition, **the Financial Management Service** will notify the debtor **twice** (at 60-day and 30-day intervals) **in writing** of the anticipated reduction. **The notices are sent to the last known address, and will include a telephone number of the agency to which the debt is owed.** Finally, **each time a Social Security benefit payment is reduced, the Financial Management Service** will send a notice providing the name and telephone number of the agency to which the reduced amount has been sent. This notice will also state the amount the benefit payment has been reduced as well as the remaining amount of the benefit payment.

Q. When Will Social Security Beneficiaries Who Are Delinquent Debtors Begin To Have Their Monthly Benefit Payments Reduced?

- A. Beneficiaries who are delinquent debtors will have their monthly benefit payments reduced in the following time frames:
 1. Beginning in May 2001, and each month thereafter, delinquent debtors who receive their monthly benefit payments electronically on either the second, third, or fourth Wednesday of the month will have their benefit payments reduced.
 2. Beginning in July 2001, and each month thereafter, delinquent debtors who receive monthly benefit check payments on either the second, third, or fourth Wednesday of the month will have their benefit payments reduced.
 3. Beginning in September 2001, and each month thereafter, delinquent debtors who receive their monthly benefit payments electronically on the third day of the month will have their benefit payments reduced.
 4. Beginning in November 2001, and each month thereafter, delinquent debtors who receive monthly benefit check payments on the third day of the month will have their benefit payments reduced.

Q. How Can I Best Assist A Constituent Whose Benefit Payment Has Been Or Is About To Be Reduced?

- A. Encourage the constituent to (or you may wish to, as circumstances dictate) contact the agency listed on the notices sent by the Financial Management Service. **The agency to which the constituent owes the debt (and not the Social Security Administration)** has access to all records related to the debt, can answer questions related to the debt, and can discuss options for resolving the debt. Should a constituent not receive the notices, you may contact the Financial Management Service Call Center at **1-800-304-3107**. Call Center representatives can provide the name and telephone number of the agency to which the constituent owes the debt.