

# 9 Glossary

## ACH Rules

The Operating Rules and the Operating Guidelines published by the National Automated Clearing House Association (NACHA), a national association of regional member clearing house associations, ACH Operators and participating financial institutions located in the United States.

## Actual or Constructive Knowledge

When used in reference to an RDFI's knowledge of the death or legal incapacity of a recipient or death of a beneficiary; actual or constructive knowledge means that the RDFI received information, by whatever means, of the death or incapacity and has had a reasonable opportunity to act on such information or that the RDFI would have learned of the death or incapacity if it had followed commercially reasonable business practices.

## Agency

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.

## Annuitant

A retired Federal employee or his/her survivor who is receiving payments from the Office of Personnel Management; a retired railroad employee, his/her spouse, or his/her survivor who is receiving payments from the Railroad Retirement Board; a retired military service person, his/her spouse or his/her survivor who is receiving payments from a military service.

## Annuity

A recurring payment made to a retired individual, his/her survivor or spouse.

## Automated Clearing House (ACH)

A funds transfer system governed by the NACHA Operating Rules which provides for the interbank clearing of electronic entries for participating financial institutions.

## Automated Standard Application for Payments (ASAP)

A recipient-initiated payment and information system, designed to provide a single point of contact for the request and delivery of Federal funds.

## Authorizing Agency

The Federal agency that authorized the initiation of the payment.

## Banking Day

With reference to a financial institution, 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 ACH Operator, any day on which the appropriate facility of such ACH Operator is being operated.

## Beneficiary

A natural person who is entitled to receive all or part of a benefit payment. The beneficiary may or may not be the recipient.

## Benefit Payment

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 calendar day other than a Saturday, Sunday, or a Federal holiday.

## Cash Concentration or Disbursement (CCD)

A corporate ACH format consisting of one detailed payment record and one addenda record. The Financial Management Service primarily uses this format to process vendor payments.

## CA\$HLINK

A cash concentration and information system used to manage the collection of Federal government funds. It also provides agencies with financial information to verify bank deposits, ACH transfers, wire transfers, as well as information to reconcile their accounts.

## Claim Number

A number which identifies the recipient's or beneficiary's records at the Federal agency that authorizes the payment; usually a Social Security Number or an equivalent identification number.

## Claim Number Prefix

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

## Corporate Trade Exchange (CTX)

A corporate 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 ANSI X12 electronic data interchange (EDI) syntax.

## Correspondent Bank

A bank that provides settlement with the Federal Reserve and/or processing services for another financial institution.

## Customer Assistance Staff

A component of the Financial Management Service, Regional Financial Center that provides customer assistance to other government entities, the Federal Reserve Banks, financial institutions, and the public.

## Death Notification Entry (DNE)

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

A Federal Government payment program for consumers who authorize the deposit of payments automatically into a checking or savings account via the ACH.

## Direct Payment

An electronic transfer of funds authorized in advance by the remitter, permitting a Federal agency to collect payments automatically on a predetermined date. It is sometimes referred to as a preauthorized debit (PAD).

## Discretionary Allotment

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

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

## Electronic Federal Tax Payment System (EFTPS)

A system through which taxpayers remit Federal tax payments electronically.

## Enrollment (Automated) ENR

An ENR entry is a non-dollar 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. Sometimes referred to as Quick\$start™.

## Electronic Transfer Account (ETA<sup>SM</sup>)

A low cost account designed by Treasury to provide individuals who receive Federal benefit, wage, salary, or retirement payments the ability to receive their payments electronically. Any individual who receives a Federal benefit, wage, salary, or retirement payment is eligible to open an ETA.

## ETA Provider

Financial institutions that choose to offer ETAs. They must enter into a Financial Agency Agreement with the Treasury Department.

## *FastStart*

An abbreviated SF 1199A form used to enroll and/or make changes to Direct Deposit information.

## Federal Payment

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

Serves as the nation's central bank and the Federal government's fiscal agent. It processes electronic payments, including ACH, for the Federal government, handling Federal government deposits and checks, and supervising and regulating Federally chartered financial institutions.

## Financial Agency Agreement

Agreement between Treasury and financial institutions who offer ETAs. Outlines the duties of the financial institution.

## **Financial Institution**

A bank, savings bank, savings and loan association, credit union or similar institution.

## **Flagging**

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 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.

## **45-Day Amount**

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.

## **Government Disbursing Office**

A Federal government office which issues payments on behalf of an authorizing Federal agency.

## **Legal Incapacity**

A legal declaration that an individual is unable to manage his/her affairs properly.

## **Limited Liability Amount**

The sum of the account balance and the 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 and the financial institution meets all requirements for limiting its liability. This amount may not exceed the outstanding total.

## **Lockbox (paper)**

A post office box established by a financial institution for the purpose of receiving paper-based payments to an agency.

## **Lockbox (electronic)**

An account established by a financial institution for the purpose of receiving ACH payments to an agency.

## **NACHA - The Electronic Payments Association**

The trade association which sets automated payment standards that govern the ACH system for financial institutions nationwide.

## Notice of Reclamation

A Notice sent by electronic, paper, or other means by the Federal government to an RDFI which identifies the benefit payments that should have been returned by the RDFI because of the death or legal incapacity of a recipient or death of a beneficiary.

## Originating Depository Financial Institution (ODFI)

The financial institution which delivers ACH entries directly or indirectly through a third party to its ACH operator.

## Outstanding Total

The sum of all benefit payments received by an 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)

The ACH format used by the Federal government for consumer payments.

## Preauthorized Debit (PAD)

See Direct Payment.

## QuickStart™

See Enrollment (Automated) ENR.

## Reclamation

A procedure to recover Federal government recurring benefit payments that were paid through 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, the RDFI is the financial institution that receives the payment.

## Recipient

A natural person, corporation, or other public or private entity that is authorized to receive a Federal payment from an agency.

## Regional Financial Center (RFC)

The Financial Management Service regional centers that act as the Government Disbursing Office for Treasury disbursed payments.

## Remittance Express (REX)

Remittance Express is a program designed to improve and streamline the process by which private sector remitters initiate payments (ACH credits) to the Federal government. REX allows a Federal agency to use the ACH network to receive payments from its remitters.

## Representative Payee

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.

## Tele-TRACE

A research method where a Government Disbursing Office representative will contact a financial institution, *by telephone*, to resolve a payee's claim that he/she did not receive a ACH payment.

## Trace Number

A fifteen-digit number assigned to identify each ACH item by the issuing Government Disbursing Office. The first eight digits are the Disbursing Office's routing number and the last seven digits are the trace item number. It is also 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 (FMS 150.1 or FMS 150.2)

A form sent by the Government Disbursing Office to a financial institution reporting a nonreceipt claim by a payee for an 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

The manual issued by the Financial Management Service containing procedures to be observed by all agencies, Federal Reserve Banks, and financial institutions with respect to payments, collections, central accounting, financial reporting, and other government-wide fiscal responsibilities of the Treasury.

## Third Party Processor

A company that receives and processes ACH transaction data for a financial institution.

## **Vendor Payment**

The electronic transfer of funds and payment-related information used by the Federal government for payments to businesses that provide goods and services to Federal agencies and other payment recipients, such as State/local governments and educational institutions.