2 ACH Payment Processing

Overview

This chapter provides information about how Federal government ACH payments are processed. It also contains valuable information on payment dates and information to assist in identifying Treasury disbursed payments.

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A. Financial Organization Master File (FOMF)

The Financial Organization Master File (FOMF) is a Department of the Treasury master list of financial institutions receiving Federal government Automated Clearing House (ACH) payments. It contains Routing Numbers (RTN) and a single financial institution name and mailing address for each RTN.

The FOMF is derived from the Federal Reserve Bank's (FRB's) ACH Customer Directory (ACD), which contains the RTNs and related information of all valid ACH participants. The FOMF is updated on a monthly basis using information from the most current ACD file.

Purpose

The Financial Management Service (FMS) relies on the FOMF data to validate RTNs used to originate payments and to send financial institutions the following:

- reclamation notices
- trace inquiries
- marketing materials

Financial Institution Responsibility

Changes to Financial Institution Name and Mailing Address

Financial institutions are responsible for keeping their name and mailing address for each RTN up to date with the FRB. Any changes to RTN data should be provided to the FRB as soon as possible so that the ACD and FOMF contain current data. If the financial institution fails to notify the FRB, it may be held liable for information (e.g., reclamation notices) mailed to obsolete addresses.

Changes to Routing Numbers

If a financial institution changes RTNs (e.g., due to merger), it must notify its servicing FRB's ACH Department as soon as possible to have the old RTN to have the ACH reflect the Financial Institution's active ACH routing numbers. Updates to the ACD will update the FOMF. Additionally, financial institutions should send a notification of change (NOC) to each originating Federal agency from which it receives payments affected by the routing number changes.

The following steps should be taken in updating the ACD routing number data:

- Confirm that no activity is being received on the obsolete RTN prior to deletion.
- Allow at least three months after the update to the ACD before deleting an obsolete RTN.
- Delete an obsolete RTN only after all activity has been transferred to the surviving RTN.

Updating ACD:

If an institution wants to update the information that appears on the file they should submit "Attachment E" of the FedACH Participation Agreement to their designated FedACH Central site. The FedACH Participation Agreement can be accessed on the FRB website: http://www.frbservices.org/StandardForms/index.html.

If you have any questions in reference to updating data, you should work with your Regional Payment Association or the appropriate FRB Central Operations Support Site:

Atlanta
Toll Free: (866) 234-5681

Minneapolis
Toll Free: (888) 883-2180

New Depository Institutions

Because the FOMF is updated on a monthly basis, a new depository institution may not receive government ACH transactions for up to 30 days after being entered into the Federal Reserve Bank's ACD.

B. Federal Government ACH Processing

General Flow

Federal government ACH payments are initiated by the authorizing Federal agency to a Government Disbursing Office. These include the FMS, Department of Defense Disbursing Offices, and the Bureau of the Public Debt (for TreasuryDirectpayments). The Federal Reserve is the Federal government's ACH Operator.

Prenotification

The Federal government prenotification process is handled in accordance with NACHA Operating Rules. Social Security originates prenotifications for Direct Deposit enrollments and changes.

Payment Formats

Federal government ACH payments are originated in the Prearranged Payment and Deposit (PPD) with or without addenda, Corporate Debit or Credit (CCD) with or without addenda, or Corporate Trade Exchange (CTX) formats. Refer to the NACHA Operating Rules for details on payment record formats.

Account Requirements

All Federal government benefit payment enrollments must be established for a deposit account at the financial institution that is in the name of the recipient or beneficiary with the following exceptions:

- Where an authorized payment agent (representative payee) has been selected. A representative payee is an individual or organization appointed by SSA to receive Social Security and/or SSI benefits for someone who cannot manage or direct someone else to manage his or her money. The main responsibilities of a payee are to use the benefits to pay for the current and foreseeable needs of the beneficiary and properly save any benefits not needed to meet current needs. A payee must also keep records of expenses.
- Where the payment is to be deposited into an investment account established through a securities broker or dealer registered with the Securities and Exchange Commission, or an investment account established through an investment company registered under the Investment Company Act of 1940 or its transfer agent. The payment may be deposited into an account designated by the broker or dealer, investment company, or transfer agent.
- Where a Federal payment is disbursed to a resident of a nursing facility, as defined in 42 U.S.C. 1396r, the payment may be deposited into a resident trust or patient fund account established by the nursing facility so long as it meets the requirements under Federal law relating to the protection of such funds. For more information on these requirements, please visit the ACH regulations website at http://www.fms.treas.gov/ach.
- Where a Federal payment is disbursed to a member of a religious order who has taken a vow of poverty, the payment may be deposited to an account established by the religious order. The phrase ``member of a religious order who has taken a vow of poverty'' is defined as it would be by the Internal Revenue Service for Federal tax purposes.
- Where a Federal payment is to be deposited to an account accessed by the recipient through a prepaid card that meets the following requirements:

  (A) The account is held at an insured financial institution;

  (B) The account is set up to meet the requirements for pass-through deposit or share insurance such that the funds accessible through the card are insured for the benefit of the recipient by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund in accordance with applicable law (12 CFR part 330 or 12 CFR part 745);

  (C) The account is not attached to a line of credit or loan agreement under which repayment from the account is triggered upon delivery of the Federal payments; and

  (D) The issuer of the card complies with all of the requirements, and provides the holder of the card with all of the consumer protections, that apply to a payroll card account under the rules implementing the Electronic Fund Transfer Act, as amended.

  No person or entity may issue a prepaid card that receives Federal payments in violation of these requirements, and no financial institution may maintain an account for or on behalf of an issuer of a prepaid card that receives Federal payments if the issuer violates these requirements. If FMS becomes aware that a prepaid card product that accepts Federal government payments does not meet these requirements, it will research the card product and report any violations of these requirements to the institutions' primarily regulator.
- Where Treasury has granted a waiver.

Misdirected Payments

On rare occasions, a Federal ACH payment is misdirected to the incorrect account. If the payee's account number is different from what is contained in the ACH entry, but the FI can identify the correct receiver, the FI may post the payment to the correct account as long as there is no change in the title of the account or in the interest of the recipient or beneficiary in the account. The FI does this at its own risk and may be liable to the issuing agency if the FI is incorrect and there is a resulting loss by the agency. If the FI does post the payment to an account other than that identified in the transaction, then an appropriate NOC with the correct account number should be sent to the agency. Please see Chapter 6, NOCs, for more information. If the FI cannot credit the misdirected payment to the correct account, the FI may return the payment to the agency with an appropriate reason code. Please see Chapter 4, Returns, for more information.

It is important to note that an FI is not required to manually verify that the name on the ACH entry matches the name on the account at the time the payment is posted. An RDFI is only liable for posting the payment to the account in the ACH credit entry.

Notice of Misdirected Payment

In accordance with Code 31 CFR Part 210, an RDFI that becomes aware that an agency has misdirected an ACH credit entry to the wrong account must promptly notify the agency. A financial institution may become aware of a misdirected payment through the following ways:

- The account holder notifies the financial institution of the misdirected payment
- A non-receipt claim being investigated by FMS
- A financial institution that manually posts their ACH credits notices that a payment is being credited to the wrong account. (It is important to note that an institution is not required to match names when posting a Federal government ACH entry; however, if it routinely posts entries manually and notices that an entry is being directed to the wrong account, it is required to notify the agency.)
- A call from the Federal agency that disbursed the payment

If a financial institution becomes aware of a misdirected payment, it can notify the agency in the following ways and meet the requirements of 31 CFR Part 210:

- The RDFI decides to manually post the misdirected payment to the correct account and originates a Notification of Change (NOC) entry with the correct account and/or Routing and Transit Number information (Please note that the FI does this at its own risk and may be liable to the issuing agency if the FI is incorrect and there is a resulting loss by the agency.)
- Return the original ACH credit entry to the agency with the appropriate return reason code
- Contact the agency by phone or by letter. Please see Chapter 8, Contacts.
- Any other means deemed acceptable by the agency that disbursed the ACH credit payment

Availability of Funds

In accordance with NACHA Operating Rules, consumer payments (i.e., Federal salary and travel payments, benefit payments) must be made available for withdrawal no later than the opening of business on the settlement date (provided the entries are made available to the Receiving Depositary Financial Institution (RDFI) by its ACH operator no later than 5:00 p.m. on the business day prior to the settlement date). Corporate payments (i.e., vendor payments, non-benefit payments) must be made available for withdrawal on the settlement date.

Electronic Transfer Account (ETA℠)

The ETA is 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. Financial institutions that choose to offer ETAs (ETA Providers) will enter into a Financial Agency Agreement with Treasury, outlining the duties of the financial institution.

C. Federal ACH Payment Schedule

FMS publishes the Federal ACH Payment Schedule annually in NACHA's "ACH Rules: A Complete Guide to Rules and Regulations Governing the ACH Network." This listing provides the actual payment date for recurring Federal payments. The payment date equals the ACH settlement date. This listing is also available for viewing/download on the FMS website: www.fms.treas.gov/greenbook/achpay.html.

D. Identifying Treasury Disbursed Payments

Treasury disbursed payments can be identified using information contained in the Company/Batch Header Record. The Regional Financial Center/Routing Number Table on pages 2-7 to 2-8 lists the appropriate information for each FMS RFC. You can identify a payment by locating the following information:

RFC Symbol Number

Field 3, Company Name, of the Company/Batch Header Record

Routing Number

Field 12, Originating DFI Identification, of the Company/Batch Header Record

Sample Company/Batch Header Record (with identifying information highlighted)

101 111111111 2222222222205141842F094101 FEDACH US TREASURY PAM
5220BEP1 TREAS **303** 3333333333 CCD MISC PAY051512120515244444444444000001

RFC Symbol Number: 310 (Kansas City RFC), 303 (Philadelphia RFC), and 312 (San Francisco RFC).

Note: *A '2' in field 11 of the Company/Batch Header Record identifies the Originator as a Federal government entity or agency.*

Questions? Contact the nearest FMS Customer Assistance Staff:

Kansas City (310). . . . . **(816) 414-2100**
Philadelphia (303) . . . . . **(215) 516-8154**
San Francisco (312). . . . . **(510) 594-7300**

Regional Financial Center/Routing Number Table

The table below lists the specific payments distributed by the Regional Financial Centers (RFC).

RFC	Symbol	Class of Payment
Kansas City Questions? Contact the Kansas City Customer Assistance Staff: (816) 414-2100	310	SSA PMA (Adjustment) SSA CMA/Recurring SSA CMA/Recurring Federal Salary Travel Thrift Saving Plan Annuity Annuity Vendor/Miscellaneous IDD SSI Monthly SSI Daily VA Benefit VA Retro (Adjustment) VA Public Law Chapt 31 VA EDUCATION CHAPTER 30 VA EDUC CHAP 1606 VA SPINA BIFIDA/CHAPTER 18 VA (RESERVED) VA (RESERVED) VA (RESERVED) VA (RESERVED) VA (RESERVED) Federal Salary Travel Vendor/Miscellaneous Prime Pay

Regional Financial Center/Routing Number Table (cont.)

RFC	Symbol	Class of Payment
Philadelphia Questions? Contact the Philadelphia Customer Assistance Staff: (215) 516-8154	303	SSA PMA (Adjustment) SSA CMA/Recurring SSA CMA/Recurring Federal Salary Vendor/Miscellaneous SSA (CMA Recurring/INT'L) SSA (PMA/INT'L) Branch II Payments SSA/CMA Recurring Cycling SSA/CMA Recurring Cycling SSA/CMA Recurring Cycling RRB Daily (Adjustment) RRB UISI RRB Monthly BPD Pensions VA INSURANCE (RESERVED)
San Francisco Questions? Contact the San Francisco Customer Assistance Staff: (510) 594-7300	312	OPM Monthly OPM Daily (Adjustment) SSA PMA (Adjustment) SSA CMA (Recurring) Federal Salary Travel IRS IMF (Tax) Vendor/Miscellaneous

Note: *Current Month Accrual (CMA), Prior Month Accrual (PMA)*

Consumer Payments

Consumer Payment Formats

Consumer payments are designated for deposit into an individual's account. They are identified by the Standard Entry Class Code (SEC) to be used for consumer entries which is found in the Company/Batch Header Record (Field 6) of the payment file data.

Standard Entry Class Code

The Prearranged Payment and Deposit (PPD) is the SEC code used for identifying Federal agency consumer payments. The payment entries may be accompanied by a PPD addenda record (PPD+) which further identifies the reason for the payment.

Social Security Use of Prearranged Payment and Deposit (PPD+) For Direct Deposit of Representative Fee Payments and Direct Deposit of Representative Payees/Organizational Representative Payees

The Social Security Administration (SSA) issues fee payments either by check or direct deposit to individuals who have represented Social Security claimants and/or act as a representative payee. SSA has begun to use the PPD+ format for ACH payments to representatives that include adequate payment-related information that can be passed onto them to identify and credit the payment to the correct person/account. The information is included in Field 3 of the Addenda Record (Payment Related Information) and is based on ANSI X12 (American National Standards Institute coding for Electronic Data Interchange) syntax.

FMS encourages receiving financial institutions to pass through to their account holders, as quickly as possible, pertinent information from both the Entry Detail Record and the Addenda Record when a payment is received. The representative needs this addenda information to reconcile their client account records. The method of providing this information to the account holder is at the discretion of the financial institution and its customer.

Payment Types

Types of payments that utilize the PPD standard entry class category include the following:

- benefit
- annuity
- travel
- salary
- allotment
- IRS tax refund
- Public Debt payments.

Identifying the Paying Agency/Payment Type for Treasury Disbursed Payments

Field 7 "Company Entry Description" (Company/Batch Header Record)

Paying Agency/Payment Type	Field 7 Contents
Bureau of the Public Debt/TreasuryDirect	
Federal Housing Administration Debenture Payments	FHA/HUD_ _ _
Marketable Securities (Bills, Notes, and Bonds)	PAR_AMOUNT PAR_&_INT_ INTEREST_ _ REFUND_ _ _ _
Savings Bond Agent's Fee Payments	AGENT_FEES Series HHH
Savings Bond Interest Payments	H/HH_INTST State and Local
Government Series Security Payments	SLG_PAYMNT
Central Intelligence Agency	
CIA Annuity	CIARDSANNU
Department of Veterans Affairs	
Compensation and Pension	VA_BENEFIT
Federal Salary	FED_SALARY
Federal Travel Payments	FED_TRAVEL
Office of Personnel Management	
Civil Service Retirement (Annuity)	CIVIL_SERV
Railroad Retirement Board	
Railroad Retirement/Annuity	RR_RET_ _ _ _
Unemployment/Sickness	RR_UISI
Social Security Administration	
Social Security	SOC_SEC_ _ _
Supplemental Security Income	SUPP_SEC_ _

Identifying the Payee for Treasury Disbursed Payments

Field 7 Contents (Entry Detail Record)

IF the payment type is . . .	THEN Field 7 (Individual ID field) contents identify the payee by...
Bureau of the Public Debt/TreasuryDirect	
Marketable Securities (Bills, Notes, and Bonds)	Account Number
Central Intelligence Agency	
CIA Annuity	Individual's SSN Positions 1-6 of the agency location code
Federal Salary	Individual's SSN or Employee's Identification Number and agency location code
Federal Travel	Individual's SSN or Employee's Identification Number and agency location code
Office of Personnel Management	
Civil Service Retirement (Annuity)	CSA (Annuitant) or CSF (Fiduciary) Blank Claim Number Prefix = A or F (most common) Claim Number (7 digit #) Claim Suffix = 0 or W (most common)
Railroad Retirement Board	
Railroad Retirement/Annuity	Beneficiary Symbol Beneficiary Prefix Claim Number Blank Payee Code
Railroad Unemployment/Sickness	Social Security Number
Social Security Administration	
Social Security	Claim Number
Supplemental Security Income	Claim Number
Department of Veterans Affairs	
VA Compensation and Pension	Claim Number Payee Code
Department of Labor	
Miners Benefit/Black Lung	Type of Payment

E. Identifying Non-Treasury Disbursed Payments

Identifying the Paying Agency/Payment Type for Non-Treasury Disbursed Payments

Field 7 "Company Entry Description" (Company/Batch Header Record)

Paying Agency/Payment Type	Field 7 Contents
Air Force	
Active Duty	AF_PAY_J_ _
Active Duty Allotments	AF_MP_ALLT
Annuity	AF_RET_PAY
Retirement	AF_RET_PAY
Retirement Pay Allotments	AF_RP_ALLT
Army	
Active Duty	ARMYACTIVE
Annuity	ARMY_BEN_ _
Reserve	ARMY_RC_ _ _
Retirement	ARMY_RET_ _
Marine Corps	
Active Duty	Mar_Active
Active Duty Allotments	MCACTALLOT
Annuity	MarCorAnn_
Retirement	MarCorRet_
Retirement Pay Allotments	MCRETALLOT
Reserve	MarCorRes_
Navy	
Active Duty	NAVY_ACT_ _
Active Duty Allotments	NAVY_ALT_ _
Annuity	NAVY_ANN_ _
Retirement	NAVY_RET_ _
Retirement Pay Allotments	NAVY_RPA_ _
Reserve Drill Pay	NAVY_RDP_ _

Identifying the Payee for Non-Treasury Disbursed Payments

IF the payment type is . . .	THEN Field 7 contents identify the payee by . . .
Air Force	
Active Duty	Individual's SSN
Active Duty Allotment	
Annuity	
Reserve	
Retirement	
Retirement Pay Allotment	
Army	
Active Duty	Individual's SSN
Annuity	
Reserve	
Retirement	
Marine Corps	
Active Duty	Letters "KR"
Active Duty Allotment	Individual's SSN
Annuity	
Retirement	
Retirement Pay Allotment	
Reserve	
Navy	
Active Duty	Individual's SSN
Active Duty Allotment	
Annuity	
Retirement	
Retirement Pay Allotment	
Reserve	

F. Garnishment of Federal Benefits

Garnishment is the execution, levy, attachment, or other legal process involving a written instruction issued by a court, a State or State agency, a municipality or municipal corporation or a State child support enforcement agency. This includes a lien arising by operation of law for overdue child support or an order to freeze the assets in an account, to effect a garnishment against a debtor.

Financial institutions are subject to the requirements of Title 31 of the Code of Federal Regulations, Part 212 (31 CFR Part 212) which requires financial institutions to take certain actions upon receipt of garnishment orders.

Appendix A contains guidelines that financial institutions can reference when a garnishment order is received for an account into which Federal benefit payments have been directly deposited. Appendix A can be found at the conclusion of this Chapter or is available at:
http://www.fms.treas.gov/greenbook/guidelines_garnish0311.pdf

Financial institutions that receive a garnishment order are required to determine the sum of protected Federal benefits deposited to the account during a two month period, and ensure that the account holder has access to an amount equal to that sum or to the current balance of the account, whichever is lower."

31 CFR Part 212 applies to the following Federal programs:

- Social Security and Supplemental Security Income benefits administered by the Social Security Administration;
- Veterans benefits administered by the Department of Veterans Affairs;
- Federal Railroad retirement unemployment and sickness benefits administered by the Railroad Retirement Board; and
- Civil Service Retirement System and Federal Employee Retirement System benefits administered by the Office of Personnel Management.

To assist financial institutions, Treasury/FMS is encoding an "XX" in Positions 54-55 of the "Company Entry Description" Field of the Batch Header Record for ACH/PPD and ACH/CCD payments that are designated as Federal benefit payments that are exempt from garnishment. This encoding allows financial institutions to determine whether a Federal direct deposit payment is an exempt Federal benefit payment. **Financial institutions may rely on the presence of an "XX" encoded in Positions 54-55 of the "Company Entry Description" Field to identify a Federal benefit payment exempt from garnishment.**

See examples next page.

EXAMPLES:

Benefit Payment Type	Company Entry Description (Positions 54-63) – Prior to the Garnishment Rule	Company Entry Description Garnishment Rule (Positions 54-63) – With the Garnishment Rule
Social Security	SOC SEC	XXSOC SEC
Supplemental Security Income	SUPP SEC	XXSUPP SEC
Railroad Retirement	RR RET	XXRR RET

Because it is possible that a commercial payment could also have an "XX" encoded in Positions 54-55, financial institutions must verify that the payment is a Federal payment. This can be confirmed either by searching for a "2" in the "Originator Status Code" Field in the Batch Header Record (Position 79) OR by reviewing the description of the payment in the ACH Batch Header Record Company Entry Description to ensure that the payment is one of the exempt Federal Benefit Types shown in Appendix X on the GreenBook main page.

Appendix

The publication "Guidelines for Garnishments of Accounts Containing Federal Benefit Payments" has been included in this chapter as an appendix starting on the next page.

Department of the Treasury
Financial Management Service

Appendix to Green Book
Chapter 2 ACH Payment Processing

Guidelines for Garnishment of Accounts Containing Federal Benefit Payments

Per Issuance of Title 31, Part 212 of the Code of Federal Regulations, Interim Final Rule with Request for Comments

Note: Appendix 1 shows the list of Federal benefit payments protected under the regulation and respective ACH Batch Header Record descriptions and garnishment exemption identifiers

March 2011

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A. Purpose and Authority
B. Effective Date
C. Scope
D. Key Definitions
E. Identifying Federal Benefit Payments
F. Initial Action Upon Receipt of Garnishment Order
G. Account Review
H. Protected Amount
I. Notice to Account Holder
J. Other Requirements

Appendix 1 Federal Benefits Disbursed by Treasury/FMS That Are Protected Under the Regulation and ACH Batch Header Record, Company Entry Description Field
Appendix 2 Sample Form of Notice of Right to Garnish Federal Benefits
Appendix 3 Model Notice of Garnishment to Account Holder
Appendix 4 Examples of Lookback Period and Protected Amount

A. Purpose and Authority

These guidelines are for use by financial institutions when a garnishment order is received for an account into which Federal benefit payments have been directly deposited. Financial institutions that receive a garnishment order are required to determine the sum of protected Federal benefits deposited to the account during a two month period, and to ensure that the account holder has access to an amount equal to that sum or to the current balance of the account, whichever is lower. This document will be updated, as necessary, and eventually be published as a new chapter in Treasury's Green Book, *A Guide to Federal Government ACH Payments and Collections*.

The authority is Title 31, Part 212 of the Code of Federal Regulations. Please refer to that Part for more detailed regulatory and compliance language and stipulations.

B. Effective Date

May 1, 2011 is the effective date as of which financial institutions must follow Title 31, Part 212.

Starting on or about March 12, 2011, the Department of the Treasury, Financial Management Service (FMS) will begin to encode Automated Clearing House (ACH) payments to enable receiving financial institutions to identify Federal benefit payments subject to the requirements of Title 31, Part 212. NOTE: See Section E on Identifying Federal Benefit Payments.

However, financial institutions are not required to take action on this new encoding until the May 1, 2011 effective date. Between the March and May dates, financial institutions will have an opportunity to get accustomed to the new encoding and integrate the use of the exemption identifiers into existing processes.

Benefit payments will be sent to financial institutions under the following ACH Standard Entry Class Codes: 1) Prearranged Payment and Deposit (PPD) entries; and 2) Corporate Credit or Debit (CCD) entries.

C. Scope

These guidelines apply to the following Federal programs:

- Social Security and Supplemental Security Income benefits administered by the Social Security Administration;

- Veterans benefits administered by the Department of Veterans Affairs;

- Federal Railroad retirement unemployment and sickness benefits administered by the Railroad Retirement Board; and

- Civil Service Retirement System and Federal Employee Retirement System benefits administered by the Office of Personnel Management.

In addition, these guidelines apply only to Federal benefits paid electronically via the ACH. Financial institutions are not responsible for examining accounts to identify Federal benefits paid by Treasury check.

D. Key Definitions

The following definitions apply:

Account means an account, including a master account or sub account, at a financial institution and to which an electronic payment may be directly routed.

Account holder means a person against whom a garnishment order is issued and whose name appears in a financial institution's records as the direct or beneficial owner of an account.

Account review means the process of examining deposits in an account to determine if a benefit agency has deposited a benefit payment into the account during the lookback period.

Benefit agency means the Social Security Administration (SSA), the Department of Veterans Affairs (VA), the Office of Personnel Management (OPM), or the Railroad Retirement Board (RRB).

Benefit payment means a Federal benefit payment paid by direct deposit to an account with the character "XX" encoded in positions 54 and 55 of the Company Entry Description field of the Batch Header Record of the direct deposit entry.

Financial institution means a bank, savings association, credit union, or other entity chartered under Federal or State law to engage in the business of banking.

Freeze or account freeze means an action by a financial institution to seize, withhold, or preserve funds, or to otherwise prevent an account holder from drawing on or transacting against funds in an account, in response to a garnishment order.

Garnish or garnishment means execution, levy, attachment, garnishment, or other legal process.

Garnishment fee means any service or legal processing fee, charged by a financial institution to an account holder, for processing a garnishment order or any associated withholding or release of funds.

Garnishment order or *order* means a writ, order, notice, summons, judgment, or similar written instruction issued by a court or a State child support enforcement agency, including a lien arising by operation of law for overdue child support, to effect a garnishment against a debtor.

Lookback period means the two month period that (i) begins on the date preceding the date of account review and (ii) ends on the corresponding date of the month two months earlier, or on the last date of the month two months earlier if the corresponding date does not exist (e.g. June 31st). Examples illustrating the application of this definition are included in Appendix 4.

Protected amount means the lesser of (i) the sum of all benefit payments posted to an account between the close of business on the beginning date of the lookback period and the open of business on the ending date of the lookback period, or (ii) the balance in an account at the open of business on the date of account review. Examples illustrating the application of this definition are included in Appendix 4.

E. Identifying Federal Benefit Payments

Treasury/FMS will encode an "XX" in Positions 54-55 of the "Company Entry Description" Field and a "2" in the "Originator Status Code" Field of the Batch Header Record for ACH/PPD and ACH/CCD payments that are designated as Federal benefit payments that are exempt from garnishment. This encoding will allow financial institutions to determine whether a Federal direct deposit payment is an exempt Federal benefit payment. **Financial institutions may rely on the presence of an "XX" encoded in Positions 54-55 of the "Company Entry Description" Field and a "2" in the "Originator Status Code" Field of the Batch Header Record of a direct deposit entry to identify a Federal benefit payment exempt from garnishment.**

EXAMPLES:

Benefit Payment Type	Company Entry Description (Positions 54-63) – Prior to the Garnishment Rule	Company Entry Description (Positions 54-63) – With the Garnishment Rule
Social Security	SOC SEC	XXSOC SEC
Supplemental Security Income	SUPP SEC	XXSUPP SEC
Railroad Retirement	RR RET	XXRR RET

Because it is possible that a commercial payment could also have an "XX" encoded in Positions 54-55, financial institutions must verify that the payment is a ***Federal*** payment.

This can be confirmed either by searching for a "2" in the "Originator Status Code" Field in the Batch Header Record (Position 79) **OR** by reviewing the description of the payment in the ACH Batch Header Record Company Entry Description to ensure that the payment is one of the exempt Federal Benefit Types shown in Appendix 1.

F. Initial Action Upon Receipt of Garnishment Order

1. ***Examination:*** Prior to taking any action related to a garnishment order against an account, but no later than **two** business days following receipt of the order, a financial institution shall examine the order to determine if the United States or State child support agency has attached or included a Notice of Right to Garnish Federal Benefits.

2. ***Notice of Right to Garnish is Attached or Included:*** If a Notice of Right to Garnish Federal Benefits is attached or included with the garnishment order, then the financial institution shall proceed with its customary procedures for handling a garnishment order and shall **STOP** and **not** continue with the following procedures.

3. ***No Notice of Right to Garnish:*** If a Notice of Right to Garnish Federal Benefits is NOT attached or included with the garnishment order, then the financial institution shall **GO** forward and continue as follows.

See Appendix 2 for an example of the form of notice of right to garnish Federal benefits.

G. Account Review

The financial institution shall proceed to performing an account review as follows:

1. ***Timing:*** No later than **two** business days following receipt of: a) the order, and b) sufficient information from the creditor that initiated the order to determine whether the debtor is an account holder, if such information is not already in the order.

-OR-

In cases where the financial institution is served a batch of a large number of

orders, by a later date that may be permitted by the creditor that initiated the orders, consistent with the terms of the orders. The financial institution shall maintain records on such batches and creditor permissions.

2. ***Lookback Period***: This is a two month period that (i) begins on the date preceding the date of account review and (ii) ends on the corresponding date of the month two months earlier, or on the last date of the month two months earlier if the corresponding date does not exist. See Appendix 4 for examples of how to determine the lookback period.

3. ***Applying uniform account review***: The financial institution shall perform an account review without consideration for any other attributes of the account or garnishment order, including by not limited to:

a. the presence of other funds, from whatever source, that may be commingled in the account with funds from a benefit payment;

b. the existence of a co-owner on the account;

c. the existence of benefit payments to multiple beneficiaries, and/or under multiple programs, deposited in the account;

d. the balance in the account, provided the balance is above zero dollars on the date of the account review;

e. instructions to the contrary in the order; or

f. the nature of the debt or obligation underlying the order.

4. ***Priority of Account Review***: The financial institution shall perform the account review prior to taking any other actions related to the garnishment order that may affect funds in the account.

5. ***Separate account reviews***: The financial institution shall perform the account review separately for each account in the name of an account holder against whom a garnishment order has been issued. In performing the account reviews for multiple accounts in the name of one account holder, a financial institution shall not trace the movement of funds between accounts by attempting to associate funds from a benefit payment deposited into one account with amounts subsequently transferred to another account.

For example, a $500 SSA benefit payment is deposited into the account holder's deposit account (Account A). On the same day, the account holder transfers $300 of the $500 to another account in his/her name (Account B) at the same financial institution. The next day, a garnishment order against the account

holder is received. The financial institution will be required to conduct separate account reviews for Account A and Account B. The $500 will be included in the protected amount that is established for Account A. However, the $300 that was transferred to Account B will not be included in calculating the protected amount for Account B.

H. Protected Amount

1. ***No benefit payment deposited during the lookback period***: If the account review shows that no benefit payment was directly deposited during the lookback period, then the financial institution shall **STOP** and follow its customary procedures for handling the garnishment order.

2. ***Benefit payment deposited during the lookback period.*** If the account review shows that a benefit payment was deposited, then the financial institution will **GO** forward and immediately calculate and establish the protected amount for the account.

The protected amount is the lesser of (i) the sum of all benefit payments posted to an account between the close of business on the beginning date of the lookback period and the open of business on the ending date of the lookback period, or (ii) the balance in an account at the open of business on the date of account review. See Appendix 4 for examples of how to calculate the protected amount.

The financial institution shall ensure that the account holder has access to the protected amount, which the financial institution shall **NOT** freeze in response to the garnishment order.

An account holder shall have no obligation to claim any garnishment exemption prior to accessing the protected amount.

3. ***Separate protected amounts:*** The financial institution shall calculate and establish the protected amount separately for each account in the name of the account holder, consistent with the requirement to conduct distinct account reviews.

4. ***No challenge of protection:*** A protected amount calculated and established by a financial institution pursuant to this section shall be considered to be exempt from garnishment under law.

5. ***Funds in excess of the protected amount***. For any funds in an account in

excess of the protected amount, the financial institution shall proceed with its customary procedures for handling a garnishment order, including the freezing of funds.

I. Notice to Account Holder

A financial institution shall issue a notice to the account holder according to the following requirements:

1. ***Notice requirement***: The financial institution shall send the notice in cases where: a) a benefit agency deposited a benefit payment into an account during the lookback period; and b) the balance in the account on the date of the account review was above zero dollars and the financial institution established a protected amount.

2. ***Notice content.*** The financial institution shall notify the account holder named in the garnishment order of the following:

- Notice that a garnishment order has been received;
- The date it was received;
- A succinct explanation;
- The financial institution's requirements to ensure that account balances up to the protected amount are protected and made available to the account holder if a benefit agency deposited a benefit payment into the account in the last two months;
- The account subject to the order and the protected amount established by the financial institution;
- The financial institution's requirement pursuant to State law to freeze other funds in the account to satisfy the order;
- The amount of any garnishment fee charged to the account;
- A list of the applicable Federal benefit payments;
- The account holder's right to assert against the creditor that

initiated the order a further exemption for amounts above the protected amount, by completing exemption claims forms, contacting the court of jurisdiction, or contacting the creditor;

- The account holder's right to consult an attorney or legal aid service to assert a garnishment exemption for amounts above the protected amount; and

- Contact information for the judgment creditor if included in the order

3. ***Optional notice content***: The financial institution may, but is not required to, provide the account holder with the following:

- Contact information for a local free attorney or legal aid service; and

- Contact information for the financial institution

4. ***Amending notice content:*** The financial institution may amend the notice to integrate information about a State's garnishment rules and protections, to avoid potential confusion or harmonizing with State requirements, or providing more complete information about an account.

5. ***Notice delivery:*** The financial institution shall issue the notice directly to the account holder, or to a fiduciary who administers the account and receives communications on behalf of the account holder. Only information and documents pertaining to the garnishment order, including notices or forms required under State or local government law, may be included in the communication.

6. ***Notice timing.*** The financial institution shall send the notice to the account holder within **three** business days from the date of the account review.

7. ***Not legal advice:*** By issuing a notice, a financial institution creates no obligation to provide, and is not offering, legal advice.

8. ***One notice for multiple accounts:*** The financial institution may issue one notice with information related to multiple accounts of an account holder.

9 ***Model notice:*** For the convenience of the financial institution, a letter appears in Appendix 3 as a model to follow. A financial institution is not required to use the model notice; however, a financial institution that uses the model notice will be deemed to be in compliance with the notice content requirements of the rule.

J. **Other Requirements**

1. ***One-time account review***: The financial institution shall perform an account review only one time upon the first service of a given garnishment order. The financial institution shall not repeat the account review or take any other action related to the order if the same order is subsequently served again upon the financial institution. If the financial institution is subsequently served a new or different garnishment order against the same account holder, the financial institution shall perform a separate and new account review.

2. ***No continuing or periodic garnishment responsibilities***: The financial institution shall not continually garnish amounts deposited or credited to the account following the date of the account review, and shall take no action to freeze any funds subsequently deposited or credited, unless the institution is served with a new or different garnishment order, consistent with these guidelines.

3. ***Impermissible garnishment fee:*** The financial institution may not charge or collect a garnishment fee against a protected amount at any time, and may not charge or collect a garnishment fee on funds in excess of the protected amount after the date of the account review.

For example, if an account contains only a protected amount on the date of the account review, a garnishment fee cannot be charged against the account even if on the next day additional non-protected funds are deposited into the account

Appendix 1

FEDERAL BENEFIT PAYMENTS DISBURSED BY TREASURY/FMS THAT ARE PROTECTED UNDER THE REGULATION AND ACH BATCH HEADER RECORD, COMPANY ENTRY DESCRIPTION FIELD

This will assist financial institutions in identifying electronic Federal benefit payments issued by Treasury/FMS and exempt from garnishment. In consultation with the paying agencies, below is a table that identifies which payments are exempt, the Company Entry Description in the ACH Batch Header Record, and a description of the payment type.

Federal Benefit Payment Types Statutorily Exempt from Garnishment	Company Entry Description (Positions 54-63) - PRIOR TO NEW GARNISHMENT RULE	Company Entry Description (Positions 54-63) - WITH NEW GARNISHMENT RULE	Payment Type Description
VA Benefit	VA~~b~~BENEFIT	XXVA~~b~~BENEF	VA Benefit (Comp and Pension, DIC, Burial)
	VA~~b~~ED~~b~~CH30	XXVA~~b~~CH30~~b~~	VA Education
	VA~~b~~MGIBSR~~b~~	XXVA~~b~~MGIBS	VA Montgomery GI Bill, Select Reserve
	VA~~b~~CH18~~bbb~~	XXVA~~b~~CH18~~b~~	VA Spina Bifida, Birth Defects
	VA~~b~~CH31~~bbb~~	XXVA~~b~~CH31~~b~~	VA Vocational Rehabilitation (Retroactive)
	VA~~b~~REAP~~bbb~~	XXVA~~b~~REAP~~b~~	VA Reservist Education Assistance Program
	VA~~b~~31RECUR	XXVA~~b~~31REC	VA Vocational Rehabilitation (Recurring)
	VA~~b~~ED~~b~~1607	XXVA~~b~~1607~~b~~	VA Reservist Education Assistance Program, VA Dependents' Educational Assistance (Ch. 35), VA Education (Ch. 32)
	VA~~b~~ED~~b~~CH33	XXVA~~b~~CH33~~b~~	VA Education Ch 33
VA Insurance	FEDVAINSUR	XXVA~~b~~INSUR	VA Insurance
Railroad Retirement Benefit	RR~~b~~UISI~~bbb~~	XXRR~~b~~UISI~~b~~	Railroad Retirement Board Unemployment Insurance
	RR~~b~~RET~~bbbb~~	XXRR~~b~~RET~~bb~~	Railroad Retirement Benefit
Social Security Benefit	SOC~~b~~SEC~~bbb~~	XXSOC~~b~~SEC~~b~~	Social Security Benefit
	MISC~~b~~PAY2~~b~~	XXMISC~~b~~PAY	Social Security Child Support and Alimony (SSA Garnishment)
	INTL~~b~~PYMT	XXINTL~~b~~PMT	International Direct Deposit – Recurring
	INTL~~b~~PYMT	XXINTL~~b~~PMT	International Direct Deposit - Daily
Supplemental Security Income	SUPP~~b~~SEC~~bb~~	XXSUPP~~b~~SEC	Supplemental Security Income Benefit
Office of Personnel Management (Civil Service Retirement)	CIVIL~~b~~SERV	XXCIV~~b~~SERV	Civil Service Retirement Benefit

NOTE: The payment descriptions shown below are changing to contain blanks in Positions 54 and 55 of the Company Entry Description Field. This enables Treasury/FMS to be positioned for future use of the "XX" identifier for other payments, should additional authority be acquired.

OTHER PAYMENTS

Agency	Current Company Entry Description, (Without Blanks in Positions 54-63)	Future Company Entry Description (With Blanks in Positions 54-63)	Payment Type Description
Any agency - Including SSA, RRB, VA, OPM, etc.	FEDANNUITY	~~bb~~FED~~b~~ANNU	Annuity
	FED~~b~~SALARY	~~bb~~FED~~b~~SAL~~b~~	Salary
	FED~~b~~TRAVEL	~~bb~~FED~~b~~TVL~~b~~	Travel
	FED~~b~~TSP~~bbb~~	~~bb~~FED~~b~~TSP~~b~~	Thrift Savings
	FEDPREAUTH	NA	Preauthorized Debits
	MISC~~b~~PAY~~bb~~	~~bb~~MISC~~b~~PAY	Vendor Misc
	EDI~~b~~MISC~~bb~~	~~bb~~EDI~~b~~MISC	CTX
IRS	TAX~~b~~REFUND	~~bb~~TAX~~b~~REF~~b~~	TAX - IMF / BMF (Local, Consolidated, or CADE)
Any ERP payment - Including SSA, RRB, VA, OPM, etc.	VA~~b~~ERP~~bbbb~~	~~bb~~VA~~b~~ERP~~bb~~	ERP Payment
	RRB~~b~~ERP~~bbb~~	~~bb~~RRB~~b~~ERP~~b~~	ERP Payment
	SSA~~b~~ERP~~bbb~~	~~bb~~SSA~~b~~ERP~~b~~	ERP Payment
	SSI~~b~~ERP~~bbb~~	~~bb~~SSI~~b~~ERP~~b~~	ERP Payment

Appendix 2

SAMPLE FORM OF NOTICE OF RIGHT TO GARNISH BENEFITS

The United States, or a State child support enforcement agency, certifying its right to garnish Federal benefits shall attach or include with a garnishment order the following Notice, on official organizational letterhead.

Information in brackets should be completed by the United States or a State child support enforcement agency, as applicable. Where the bracketed information indicates a choice of words, as indicated by a slash, the appropriate words should be selected from the options.

Notice of Right to Garnish Federal Benefits

Date: _____

[Garnishment Order Number] / [State Case ID]: _____

The attached garnishment order was [obtained by the United States, pursuant to the Federal Debt Collection Procedures Act, 28 U.S.C. § 3205, or the Mandatory Victims Restitution Act, 18 U.S.C. § 3613, or other Federal statute] / [issued by (name of the State child support enforcement agency), pursuant to authority to attach or seize assets of noncustodial parents in financial institutions in the State of (name of State), 42 U.S.C. § 666].

Accordingly, the garnishee is hereby notified that the procedures established under 31 CFR Part 212 for identifying and protecting Federal benefits deposited to accounts at financial institutions do not apply to this garnishment order.

The garnishee should comply with the terms of this order, including instructions for withholding and retaining any funds deposited to any account(s) covered by this order, pending further order of [name of the court] / [the name of the State child support enforcement agency].

Appendix 3

MODEL NOTICE OF GARNISHMENT TO ACCOUNT HOLDER

A financial institution may use the following model notice to meet the requirements of § 212.7. Although use of the model notice is not required, a financial institution using it properly is deemed to be in compliance with § 212.7.

Information in brackets should be completed by the financial institution. Where the bracketed information indicates a choice of words, as indicated by a slash, the financial institution should either select the appropriate words or provide substitute words suitable to the garnishment process in a given jurisdiction.

Parenthetical wording in italics represents instructions to the financial institution and should not be printed with the notice. In most cases, this wording indicates that the model language either is optional for the financial institution, or should only be included if some condition is met.

MODEL NOTICE:

[Financial institution name, city, and State, shown as letterhead or otherwise printed at the beginning of the notice]

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Date:

Notice to:

Account Number:

Why am I receiving this notice?

On [date on which garnishment order was served], [Name of financial institution] received a garnishment order from a court to [freeze/remove] funds in your account. The amount of the garnishment order was for $[amount of garnishment order]. We are sending you this notice to let you know what we have done in response to the garnishment order.

What is garnishment?

Garnishment is a legal process that allows a creditor to remove funds from your [bank]/[credit union] account to satisfy a debt that you have not paid. In other words, if you owe money to a person or company, they can obtain a court order directing your [bank]/[credit union] to take money out of your account to pay off your debt. If this happens, you cannot use that money in your account.

What has happened to my account?

On [date of account review], we researched your account and identified one or more Federal benefit payments deposited in the last 2 months. In most cases, Federal benefit payments are protected from garnishment. As required by Federal regulations, therefore, we have established a "protected amount" of funds that will remain available to you and that will not be [frozen/removed] from your account in response to the garnishment order.

(Conditional paragraph if funds have been frozen) Your account contained additional money that may not be protected from garnishment. As required by law, we have [placed a hold on/removed] these funds in the amount of $[amount frozen] and may have to turn these funds over to your creditor as directed by the garnishment order.

The chart below summarizes this information about your account(s):

Account Summary as of [date of account review]

Account number	Amount in account	Amount protected	Amount subject to garnishment (now [frozen/removed])	Garnishment fee charged

(If the account holder has multiple accounts, add a row for each account)

Please note that these amount(s) may be affected by deposits or withdrawals after the protected amount was calculated on [date of account review].

Do I need to do anything to access my protected funds?

You may use the "protected amount" of money in your account as you normally would. <u>There is nothing else that you need to do to make sure that the "protected amount" is safe</u>.

Who garnished my account?

The creditor who obtained a garnishment order against you is [name of creditor].

What types of Federal benefit payments are protected from garnishment?

In most cases, you have protections from garnishment if the funds in your account include one or more of the following Federal benefit payments:

- Social Security benefits
- Supplemental Security Income benefits
- Veterans benefits
- Railroad retirement benefits
- Railroad Unemployment Insurance benefits
- Civil Service Retirement System benefits
- Federal Employees Retirement System benefits

(Conditional section if funds have been frozen) **What should I do if I think that additional funds in my account are from Federal benefit payments?**

If you believe that additional funds in your account(s) are from Federal benefit payments and should not have been [frozen/removed], there are several things you can do.

(Conditional sentence if applicable for the jurisdiction) You can fill out a garnishment exemption form and submit it to the court.

You may contact the creditor that garnished your account and explain that additional funds are from Federal benefit payments and should be released back to you. *(Conditional sentence if contact information is in the garnishment order)* The creditor may be contacted at [contact information included in the garnishment order].

You may also consult an attorney (lawyer) to help you prove to the creditor who garnished your account that additional funds are from Federal benefit payments and cannot be taken. If you cannot afford an attorney, you can seek assistance from a free attorney or a legal aid society.
(Optional sentences) [Name of State, local, or independent legal aid service] is an organization that provides free legal aid and can be reached at [contact information]. You can find information about other free legal aid programs at [insert "www.lawhelp.org" or other legal aid programs website].

(Optional section) **How to contact [name of financial institution].**

This notice contains all the information that we have about the garnishment order. However, if you have a question about your account, you may contact us at [contact number].

Appendix 4

Examples of Lookback Period and Protected Amount

The following examples illustrate this definition of lookback period:

Example 1: Account review performed same day garnishment order is served

a) A financial institution receives garnishment order on Wednesday, March 17.
b) The financial institution performs account review the same day on Wednesday, March 17.
c) The lookback period begins on Tuesday, March 16, the date preceding the date of account review.
d) The lookback period ends on Saturday, January 16, the corresponding date two months earlier.

Example 2: Account review performed the day after garnishment order is served

a) A financial institution receives garnishment order on Wednesday, November 17.
b) The financial institution performs account review next business day on Thursday, November 18.
c) The lookback period begins on Wednesday, November 17, the date preceding the date of account review.
d) The lookback period ends on Friday, September 17, the corresponding date two months earlier.

Example 3: No corresponding date two months earlier

a) The financial institution receives garnishment order on Tuesday, August 30.
b) The financial institution performs the account review two business days later on Thursday, September 1.
c) The lookback period begins on Wednesday, August 31, the date preceding the date of account review.
d) The lookback period ends on Wednesday, June 30, the last date of the month two months earlier, since June 31 does not exist to correspond with August 31.

Example 4: Weekend between receipt of garnishment order and account review

a) A financial institution receives garnishment order on Friday, December 10.
b) The financial institution performs the account review two business days later on Tuesday, December 14.
c) The lookback period begins on Monday December 13, the date preceding the date of the account review.
d) The lookback period ends on Wednesday October 13, the corresponding date two months earlier.

The following examples illustrate the definition of protected amount:

Example 1: Account balance less than sum of benefit payments

a) A financial institution receives a garnishment order against an account holder for $2,000 on May 20.
b) The date of account review is the same day, May 20, when the opening balance in the account is $1,000.
c) The lookback period begins on May 19, the date preceding the date of account review, and ends on March 19, the corresponding date two months earlier.
d) The account review shows that two Federal benefit payments were deposited to the account during the lookback period totaling $2,500, one for $1,250 on Friday, April 30 and one for $1,250 on Tuesday, April 1.
e) Since the $1,000 balance in the account at the open of business on the date of account review is less than the $2,500 sum of benefit payments posted to the account during the lookback period, the financial institution establishes the protected amount at $1,000.

Example 2: Three benefit payments during lookback period

a) A financial institution receives a garnishment order against an account holder for $8,000 on December 2.
b) The date of account review is the same day, December 2, when the opening balance in the account is $5,000.
c) The lookback period begins on December 1, the date preceding the date of account review, and ends on October 1, the corresponding date two months earlier.
d) The account review shows that three Federal benefit payments were deposited to the account during the lookback period totaling $4,500, one for $1,500 on December 1, another for $1,500 on November 1, and a third for $1,500 on October 1.

e) Since the $4,500 sum of the three benefit payments posted to the account during the lookback period is less than the $5,000 balance in the account at the open of business on the date of account review, the financial institution establishes the protected amount at $4,500 and seizes the remaining $500 in the account consistent with State law.

Example 3: Intraday transactions

a) A financial institution receives a garnishment order against an account holder for $4,000 on Friday, September 10.
b) The date of account review is Monday, September 13, when the opening balance in the account is $6,000.
c) A cash withdrawal for $1,000 is processed after the open of business on September 13, but before the financial institution has performed the account review, and the balance in the account is $5,000 when the financial institution initiates an automated program to conduct the account review.
d) The lookback period begins on Sunday, September 12, the date preceding the date of account review, and ends on Monday, July 12, the corresponding date two months earlier.
e) The account review shows that two Federal benefit payments were deposited to the account during the lookback period totaling $3,000, one for $1,500 on Wednesday, July 21, and the other for $1,500 on Wednesday, August 18.
f) Since the $3,000 sum of the two benefit payments posted to the account during the lookback period is less than the $6,000 balance in the account at the open of business on the date of account review, the financial institution establishes the protected amount at $3,000 and, consistent with State law, freezes the $2,000 remaining in the account after the cash withdrawal.

Example 4: Benefit payment on date of account review

a) A financial institution receives a garnishment order against an account holder for $5,000 on Thursday July 1.
b) The date of account review is the same day, July 1, when the opening balance in the account is $3,000, and reflects a Federal benefit payment of $1,000 posted that day.
c) The lookback period begins on Wednesday, June 30, the date preceding the date of account review, and ends on Friday April 30, the corresponding date two months earlier.
d) The account review shows that two Federal benefit payments were deposited to the account during the lookback period totaling $2,000, one for $1,000 on Friday April 30 and one for $1,000 on Tuesday, June 1.
e) Since the $2,000 sum of the two benefit payments posted to the account during the lookback period is less than the $3,000 balance in the account at the open of business on the date of account review, notwithstanding the third Federal benefit payment posted on the date of account review, the financial institution establishes the protected amount at $2,000 and places a hold on the remaining $1,000 in the account in accordance with State law.

Example 5: Account co-owners with benefit payments

a) A financial institution receives a garnishment order against an account holder for $3,800 on March 22.
b) The date of account review is the same day, March 22, when the opening balance in the account is $7,000.
c) The lookback period begins on March 21, the date preceding the date of account review, and ends on January 21, the corresponding date two months earlier.
d) The account review shows that four Federal benefit payments were deposited to the account during the lookback period totaling $7,000.
e) Two of these benefit payments, totaling $3,000, were made to the account holder against whom the garnishment order was issued.
f) The other two payments, totaling $4,000, were made to a co-owner of the account.
g) Since the financial institution must perform the account review based only on the presence of benefit payments, without regard to the existence of co-owners on the account or payments to multiple beneficiaries or under multiple programs, the financial institution establishes the protected amount at $7,000, equal to the sum of the four benefit payments posted to the account during the lookback period.
h) Since $7,000 is also the balance in the account on the date of account review, there are no additional funds in the account which can be frozen.