

*Office of Personnel Management*  
*Retirement and Insurance Group*



1920



1954



1959



1986

**Benefits Administration Letter**

*Number: 96-104*

*Date: July 26, 1996*

**SUBJECT** Direct Deposit Requirements Tightened

**DISCUSSION** Public Law 104-134 strengthened the requirements that Federal payment recipients receive their payments by direct deposit through Electronic Funds Transfer (EFT) into a checking or savings account. The prior law, P.L. 103-356 (see BAL 94-106), required that all retirement and survivor annuities begun on or after January 1, 1995, be paid by EFT unless the annuitant requested a waiver of this requirement in writing. Under P.L. 104-134, beginning with individuals who become eligible for payment on or after July 26, 1996, all new Federal payment recipients (annuitants and lump-sum payees) are to receive their payments by EFT if possible.

**MAXIMIZE SERVICE TO RECIPIENTS** OPM's goal is to provide maximum service to retirees, survivors and lump-sum recipients so they can receive their payments by direct deposit and avoid any delays in processing claims. The best way to do this is to have those retiring employees, survivors of deceased employees, and refund recipients who can receive payment by direct deposit arrange to do so as part of the application process.

**DELAYED IMPACT ON REFUNDS AND LUMP SUMS** Unlike P.L. 103-356, P.L. 104-134 does apply to non-recurring as well as recurring payments. However, OPM does not presently have the capability to pay refunds of retirement contributions, or lump-sum death benefits, by direct deposit. OPM will notify agencies in an upcoming BAL when refunds and/or lump-sum death benefits become payable by direct deposit. After this change is implemented, the same requirements will apply to refunds of retirement contributions and lump-sum survivor benefits as to retirement and survivor annuities.

**NEW EFT  
LETTER  
REPLACES  
ELECTION  
LETTER**

For the present, the only major change for employing agencies is that the EFT Information/Certification Letter, included as an Attachment to this BAL, must be distributed to retirees and survivors of deceased employees eligible for survivor annuities in place of the EFT Election Letter published in BAL 94-106. Retirement counselors need to understand, and make clear to annuity applicants, the change in the law. Requests for waiver, routinely granted under the old law, can no longer be honored in annuity application packages received by OPM if the date of eligibility, as defined below, is on or after July 26, 1996. After that date, EFT payment or certification as described below is required, if the payment can be made by EFT.

**DATE OF  
ELIGIBILITY  
DEFINED**

The date an annuitant is first eligible for payment is generally the annuity commencing date. However, if the annuity commencing date is prior to the date of application, the individual is still not technically eligible to be paid until, and unless, he or she actually applies for payment. Therefore, for the purposes of P.L. 104-134, as it applies to annuitants, the date of full eligibility is defined as the annuity commencing date, or the date of application, whichever is later.

**LEGAL  
EXCEPTIONS  
NEED WRITTEN  
CERTIFICATION**

The only legal exceptions to the requirement that Federal payments with dates of eligibility on or after July 26, 1996, must be paid by direct deposit are those individuals who do not have savings or checking accounts. These payees **MUST CERTIFY IN WRITING** that they have no checking or savings account into which their payments could be directly deposited, and that no accounts have been established on their behalf by authorized payment agents. The attached EFT Information/Certification letter may be used for this purpose.

**OVERSEAS  
ANNUITANTS  
CANNOT BE PAID  
BY EFT FOR NOW**

Payees whose permanent addresses for receiving payments are outside the United States cannot now be paid by EFT. No EFT election or certification is required from these individuals. However, OPM expects to be linked to Canada through International Direct Deposit by the end of 1996, and Italy sometime in 1997. We will notify agencies when it becomes possible to make payments to these countries, at which time the same requirements will apply to Federal payees residing in those countries as to payees in the United States.

**AGENCY ROLE**

Please inform all retiring employees and survivors of deceased employees eligible for survivor annuities with permanent payment addresses in the United States and eligibility dates on or after July 26, 1996, of the requirement to arrange for direct deposit of their payments into a checking or savings account, and the need to certify in writing if they have no account and have to be paid by check. They may sign up for direct deposit either by obtaining a Standard Form 1199A, Direct Deposit Sign-Up Form, from their financial institution, completing it in conjunction with the financial institution, and submitting it with the retirement or survivor application, or by completing the EFT Information/Certification letter (see Attachment). The same information and letter should be provided to lump-sum death benefit and refund applicants after OPM notifies agencies that these payments can be made by EFT.

**REVISED FERS APPLICATIONS**

Individuals applying for annuities under FERS using the November 1995 edition of SF 3107, FERS Application For Immediate Retirement, or the December 1995 edition of SF 3104, FERS Application For Death Benefits, can sign up for Direct Deposit directly on the application forms. These applicants still should be given the attached letter and informed of the need to use it to certify they do not have a checking or savings account under Part B, if appropriate.

**AUTOMATED INTERIM PAY PROJECT PARTICIPANTS**

If your agency is participating in the Automated Interim Pay Project, no further EFT election is required for retirees whose EFT account data will be transmitted via magnetic tape from payroll records. The EFT Information/Certification Letter should still be distributed to retirees who do not have checking or savings accounts, and to those establishing new EFT accounts.

**PACKAGES RECEIVED WITHOUT CERTIFICATION**

OPM will send an EFT Information/Certification letter to retirement and survivor annuity applicants whose dates of eligibility are on or after July 26, 1996, and whose applications are received without EFT information or certification. This will not affect interim payments, but it is an additional step in the benefit claim process which we can easily avoid if we can get the EFT data, or certification in writing, upfront.

Working together, we can maximize effective service to all Federal benefit payment recipients, provide them with every opportunity to enjoy the convenience of direct deposit, and minimize any inconvenience, confusion or delay this new requirement might otherwise cause.

A handwritten signature in black ink, appearing to read "Sidney M. Conley", with a long, sweeping flourish extending to the right.

Sidney M. Conley  
Assistant Director  
for Retirement Programs

Attachment

EFT INFORMATION/CERTIFICATION LETTER - FEDERAL PAYMENT APPLICANTS

***Office of Personnel Management***  
***Retirement and Insurance Group***

Dear Applicant:

Public Law 104-134 requires all Federal payments, for which the first date of eligibility for payment is on or after July 26, 1996, to be paid by Direct Deposit through Electronic Funds Transfer (EFT) into a savings or checking account at a financial institution. The only legal exception is if you do not have a savings or checking account in any financial institution and do not establish one or have one established for you by an authorized payment agent. If you do not already have an account, and do not establish one or have one established for you, you must certify to that fact in writing. Part B on the reverse of this letter may be used for this purpose.

This same law will require all Federal payments after January 1, 1999, to be made by Direct Deposit. By signing up now, you avoid having to be contacted later to arrange for Direct Deposit. More than two-thirds of Federal retirees have Direct Deposit. They gave it a 97% approval rating in a recent survey. That's because Direct Deposit is a win-win situation all around. You avoid the bother of traveling to a bank or other financial institution to cash or deposit your check. You save travel costs and time. Both you and OPM are saved the worry that the check will be lost in the mail. Finally, you and all your fellow taxpayers save the difference in cost between Direct Deposit and payment by check (\$.33 per payment x 2.35 million Federal annuitants equals \$775,500 in savings every month).

Please complete the EFT information/certification on the reverse of this letter, and submit it with your application package. You can also elect Direct Deposit via Standard Form 1199A, Direct Deposit Sign-Up Form, which you can obtain from your financial institution. If you are applying for a benefit under the Federal Employees Retirement System (FERS) using the November 1995 (or later) edition of SF 3107, FERS Application For Immediate Retirement, or the December 1995 (or later) edition of SF 3104, FERS Application For Death Benefits, you can sign up for Direct Deposit by completing the appropriate sections on the application form itself. Failure to provide this information with your application may result in a delay in payment.

Thank you.

Office of Retirement Programs

*{REPRODUCE LOCALLY}*

Attachment, reverse

Applicant's Name \_\_\_\_\_

Social Security # \_\_\_\_\_

Date of Birth \_\_\_\_\_

**EFT INFORMATION**

To have your Federal payment(s) made by Direct Deposit, please complete Section A. You may also receive Direct Deposit by completing a Standard Form 1199A (available at most financial institutions). If you do not have a checking or savings account into which your payment can be deposited, please complete the certification in Section B.

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Section A

Please deposit my Federal payment(s) through Electronic Funds Transfer directly into the account indicated below. I have checked with my financial institution and confirmed that the following information is correct.

Checking or Savings Account Number

Account Type

\_\_\_\_\_

Checking     Savings

Financial Institution Routing Number

\_\_\_\_\_

Name, Address and Telephone Number  
of your financial institution.

Call your financial institution for the routing number. We cannot pay by Direct Deposit without it. If your financial institution indicates the information on your personal check is correct for Direct Deposit, you may attach a voided check instead of entering the information here.

\_\_\_\_\_

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\_\_\_\_\_

( ) \_\_\_\_\_

Signature

Date

\_\_\_\_\_

\_\_\_\_\_

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Section B

I hereby certify that I do not have a savings or checking account in any financial institution and that none has been established for me by an authorized payment agent. Please send me my payment(s) by check.

Signature

Date

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