

TP 7: Recoup Overpayment

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TP 7. Overview

03/27/2009

PBGC uses recoupment to seek repayment of overpayments made to payees when there are future annuity benefits payable with respect to the participant as of DOPT. If there was no annuity benefit payable as of DOPT, recovery applies; see TP 6: Recover Overpayments. Some reasons for overpayments are:

- delays in reduction of benefits to estimated Title IV levels
- Plan Administrator or PBGC errors in the computation of benefits
- incorrect information that participants or beneficiaries provide
- failure to implement communicated benefit reductions

PBGC reduces future benefits payable to a payee under its recoupment regulation (subpart E of 29 CFR Part 4022) as amended May 29, 1998 and PBGC Operating Policy 6:4-1: Recoupment and Recovery of Post-DoPT Benefit Payments. Recoupment ends when a payee repays through recoupment the amount of the net benefit overpayment without interest. Only if a payee insists, will PBGC accept full repayment of an outstanding benefit overpayment subject to recoupment and advise the payee that prepayment has disadvantages because PBGC does not charge interest during the recoupment period.

PBGC still may seek the return of payment(s) before initiation of formal recoupment action when the error is discovered in the following situations:

- erroneous payment(s) made after the month of the payee's death, and
- erroneous payment(s) of a benefit that should have been suspended pending a determination regarding whether a Domestic Relations Order is a QDRO. See TP 13.3: Make QDRO Payments.

Computation Method

PBGC computes net overpayment or underpayment with respect to a participant's entire benefit (all payments made and payable to the participant and any contingent annuitant), and recoups only the net overpayment from all future benefits including contingent annuity benefits. A benefit overpayment amount includes all underpayments on and after DOPT, and only those overpayments made on and after the latest of the proposed DOPT, the actual DOPT or if no NOIT is filed, the NOD date. If a participant dies before the recoupment end date, and has a contingent annuitant, recoupment will continue from the survivor's annuity. PBGC recomputes the recoupment end date when placing the surviving spouse or other beneficiary into pay (see TP 20: Benefit Payments).

PACS calculates benefit overpayments according to the regulations and policy. The benefit reduction is a percentage reduction, generally limited to 10% of the benefit except in specified circumstances. See TP 7.2: Identify Exceptions to 10% Reduction. PBGC does not report the recoupment amount as taxable income.

Waiver of Recoupment

PBGC does not waive recoupment of overpayments if the plan was trustee on or after August 23, 2007. However, for payees in plans trustee prior to that date, PBGC waives recoupment if the overpayment is \$500.00 or less.

Also, PBGC will not recoup a final partial monthly recoupment amount if the balance to be recouped in the final month is less than the amount of the monthly reduction.

Benefits Attributable to Other Plans or Other Participants

PBGC generally recoups only from the benefit for which the overpayment was made in situations where:

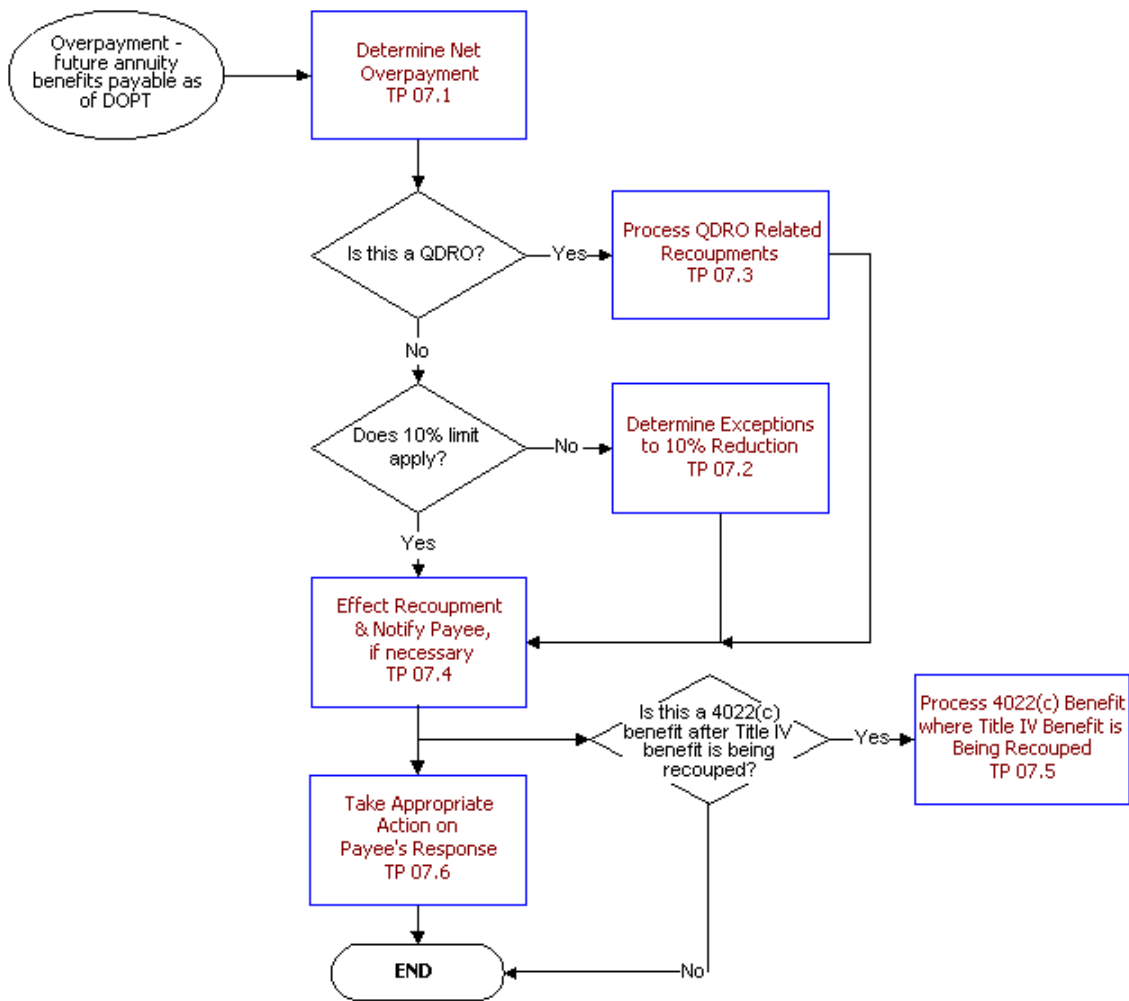
- A beneficiary of a deceased participant has a contingent annuity subject to recoupment and is entitled to a termination benefit in his or her own right.
- A participant who received an overpayment is entitled to a benefit from more than one plan.

However, an exception applies when a payee received a benefit overpayment subject to recoupment, and is entitled to benefits from one or more related trustee plans (i. e. , plans maintained within the same controlled group). PBGC may compute the benefit overpayment or underpayment and the percentage recoupment reduction as if the related plans were a single plan. PBGC pays underpayments in a single payment (special check). For overpayments, PBGC applies the percentage recoupment reduction to benefits payable from each of the related plans. Contact OPSS for additional guidance on recoupments involving related plans.

Recoupment that follows as part of issuing BDLs requires peer review for accuracy in the selection of the letter, and to ensure that data from the correct sources have been used. In these cases, PBGC is recouping overpayments because they paid the participant the incorrect estimated amount. BDLs issued on or after June 19, 1995 for certain PBGC-trustee plans are exempt from recoupment or recovery efforts (see IOD Policy Bulletin, 95-3: Waiver of Recoupment & Recovery for Future IDLs in Plans with Pre-1985 Dates of Plan Termination and attachment).

TP 7. Workflow for Technical Procedure 07

03/10/2000



TP 7.1 Determine Net Overpayment

11/30/2007

Purpose	To determine overpayment amount according to recoupment policy.
Required Input and Source	Future annuity benefits were payable as of DOPT. Amounts paid and period of each payment stream from the participant's file (IPS) and Spectrum. Final termination benefit or Title IV benefit from final actuarial valuation
Process Output and Recipient	Recoupment Percentage, a reduction amount and recoupment end date as applied under the general 10% limit on recoupments from PACS
Control Issues	Compare data from pay sources in Spectrum with ledger details to verify accuracy. The PACS Detailed Summary and the Recoupment Summary should be printed and imaged to the participant's file (IPS).
Important Concepts	<p>PBGC reserves the right to seek repayment of overpayments by methods or in circumstances, other than those described in the regulation or policy with OPSS approval.</p> <p>BAPD does not change the benefit amount for BDLs issued after June 19, 1995, if the payee's final monthly benefit is within \$5.00 below the estimated benefit. See PBGC Operating Policy 5.8-1: Benefit Changes.</p> <p>To compute the initial recoupment percentage, divide the net overpayment by the present value of the termination benefit as of DOPT and then multiply the result by 100. When the initial recoupment percentage exceeds 10%, it is generally limited to 10% unless an exception applies, see TP 7.2: Identify Exceptions to 10% Reduction.</p> <p>PBGC also continues to apply the recoupment reduction(percentage) to any survivor benefits. For example, with a 50% J&S, a participant entitled to a benefit of \$100 with 10% recoupment would receive \$90 (\$100-10%). The survivor would be entitled to \$50 and receive \$45 (\$50-10%).</p> <p>PACS allows computations in the actual or hypothetical modes. In the actual mode, PACS automatically populates some data fields from Genesis. Only users who have access to a case can do a computation in the actual mode for a participant in that case.</p>
Guidance	<p>29 CFR 4022, Subpart E</p> <p>PBGC Operating Policy 6.4-1: Recoupment and Recovery of Post-DOPT Benefit Overpayments</p> <p>IOD Policy Bulletin 95-3: Waiver of Recoupment & Recovery for Future IDLs in Plans with Pre-1985 Dates of Plan Termination</p> <p>PBGC Operating Policy 5.8-1: Benefit Changes</p> <p>PACS Helpfile</p> <p>Spectrum User Guide</p>
Procedure Owner	EBLS, assistance of actuary and auditor as required, PBA, FBA

TP 7.1 Action Steps: Determine Net Overpayment

10/26/2007

1. If the participant went into pay status before the implementation of PRISM, review the participant's IPS file for PLUS data entry forms to determine pay amounts and start and end dates.
2. Review the pay sources of the annuity record in PRISM or Spectrum to verify payment start and end dates of each pay amount.
3. Refer to ledgers to confirm that payments reflected in pay sources were actually made using:
 - Spectrum
 - PRISM Browser
 - CompuServe ledgers for PBGC payment history before 1986.
4. Obtain the present value figure for the participant from the Actuarial Case Report.
5. Review the benefit calculation to obtain the termination benefit the participant is entitled to receive.
6. Access PACS to calculate the net overpayment:
 - Follow the steps in PACS and input data not automatically populated from GENESIS.
 - Add comments, if necessary for future reference, and ensure that the box beside "Display Comments on Report" is checked to insert the comments on the summary.
 - Print both the PACS Recoupment Summary and Detailed Summary.
 - Ensure that both summaries are scanned to the participant's file (IPS).
7. If the recoupment amount is \$500 or less **and** the plan was trustee'd before August 23, 2007, prepare the *Recoupment Waiver Memo (Recoupwv.doc)* to file. If the plan was trustee'd after that date, proceed with the recoupment.

TP 7.2 Identify Exceptions to 10% Reduction

11/30/2007

Purpose	To identify situations where the 10% limit does not apply.
Required input and Source	Reason for overpayment and determination of the category to which recoupment belongs.
Process Output and Recipient	Actual recoupment percentage, a recoupment amount and recoupment end date.
Control Issues	Verify data from pay sources to determine net overpayment, and compare with ledger details in Spectrum to confirm accuracy.
Important Concepts	This procedure only applies if the initial recoupment percentage exceeds 10%. Rarely will PBGC recoup at more than 10%.
Guidance	<p>29 CFR 4022, Subpart E</p> <p>IOD Policy Bulletin 99-2: Recoupment from Non-Level Benefits that Exceed the Maximum Guaranteeable Benefit</p> <p>PBGC Operating Policy 6.4-1: Recoupment and Recovery of Post-DOPT Benefit Overpayments</p> <p>PBGC Operating Policy 5.2-2: Working Retirement</p> <p>Spectrum User Guide</p>
Procedure Owner	EBLS, assistance of actuary and auditor, as required PBA, FBA

TP 7.2 Action Steps: Identify Exceptions to 10% Reduction

09/05/2007

PBGC policy identifies situations for which PBGC can recoup above the 10% limit. The reason for the overpayment determines the percentage above the limit. Two categories of above the limit recoups apply:

Above the 10%

Temporary 25% and 40%

Above the 10%

A. Payments in excess of plan levels

This applies if all benefits paid with respect to a participant after DOPT exceeds the total of all benefits payable under terms of the plan. PBGC will compute the reduction percentage and apply it even if it is more than 10%. If the reduction is not sufficient to recoup the entire benefit overpayment, PBGC may seek to recover the remaining overpayment, see TP 6: Recover Overpayment.

B. Termination benefits greater than maximum guaranteeable benefit

Under ERISA section 4022(b)3(B) if the participant's termination benefit exceeds:

The monthly dollar amount of the maximum guaranteeable benefit for normal retirement age in SLA form, see Appendix D: Maximum Guaranteeable Benefits for DOPT Years

- and -

The initial reduction percentage is more than 10%;

the reduction is the greater of

10%

- or -

the dollar amount by which the termination benefit exceeds the maximum guaranteeable benefit.

1. Determine the dollar amount by which the termination benefit exceeds the maximum guaranteeable benefit without adjustment for age and benefit form.
2. Determine the dollar amount of the 10% reduction.
3. Use the greater of the two amounts as the reduction.
4. Use the *Worksheet for Application of Variance from the 10% Cap on Recoupment (Var10cap.doc)* to determine the benefit amount to pay.

IOD Policy Bulletin 99-2: Recoupment from Non-Level Benefits that Exceed the Maximum Guaranteeable Benefit deals specifically with different scenarios where all or a portion of a *non-level benefit (a life benefit with a temporary supplement, a social security leveling option, etc.)* exceeds the maximum guaranteeable benefit.

C. Benefit overpayments due to PBGC's failure to implement communicated benefit reduction

BDLs that show an overpayment or net overpayment of termination benefits from DOPT require recoupment action if the payee did not file an appeal during the appeal period. If PBGC fails to implement the benefit reduction, PBGC may recoup the resulting overpayment (i. e. , the additional overpayment, not the entire overpayment) without regard to the recoupment reduction limit.

1. Determine that PBGC should have reduced the benefit earlier based on the information provided in the BDL.

2. Check the payee's file with the Appeals Division to ensure that the payee did not file an appeal during the appeal period.
3. Use PACS to compute the correct recoupment amount and end date for the benefit decrease (as would have been done after the expiration of the appeals period). Example, BDL dated 10/02/1992 with no appeal - benefit reduction and recoupment would begin 01/01/1993.
4. Use PACS to compute the entire recoupment amount from the date benefit payments started to the month before the target adjustment date, i.e., the date to begin the recoupment.
5. Find the pre BDL recoupment amount by subtracting the post BDL (action step No. 3) figure from the entire recoupment amount. Recoup the pre BDL overpayment amount at 10% and recoup the post BDL amount above the 10% limit.
6. Adjust the benefit to the correct level in Spectrum and enter the reduction amount and BEGIN and END dates in the corresponding deduction field.
7. Notify the participant of the additional overpayment and the monthly recoupment amount.

D. Benefit overpayments caused by false information or an error for which the participant is responsible

PBGC seeks full repayment of a benefit overpayment if PBGC determines that an overpayment resulted from:

- False information that the payee provided
- Error for which the payee is responsible
- A person who received a payee's benefit after the payee's death failed to notify PBGC of the payee's death.

If full repayment can be made through recoupment, recoup up to 100% if necessary. If recoupment is not sufficient to provide for full repayment, PBGC may seek recovery or other legal action. False information to PBGC does not have to be an intentional misrepresentation to PBGC. This includes situations in which PBGC gave wrong data to a person who failed to tell us the data were wrong. (Those situations may suggest possible fraud to the corporation and referral to OIG, see TP 12: Deal With Fraud and Forgery).

E. Partial Distributions

If part of a termination benefit has been distributed (before, on, or after DOPT), the entire benefit is considered in computing the participant's termination benefit for recoupment. Partial distributions include a return of mandatory employee contributions, benefits paid through the purchase of an insurance contract, a single sum payment of part of the participant's plan benefits, etc. PBGC applies the recoupment reduction percentage to the total termination benefit paid or payable from all sources. The resulting dollar amount is recouped from the amount PBGC pays. Note that if part of the benefit has been distributed and we overpaid and owe the person no future benefit (because full benefit has been provided (e. g, an annuity purchase), recoupment still applies, not recovery).

PBGC will not seek recoupment from the insurance company of amounts that PBGC cannot recoup if the recoupment amount exceeds the amount payable by PBGC.

Temporary 25% and 40%

A. Overpayments related to certain QDROs and QDRO benefit suspensions

PBGC will apply *an additional 40%* recoupment until they repay the overpayment amount when it occurs because of payments made directly to a participant -

of a benefit that is payable to an alternate payee under a QDRO,

- or -

that are subject to suspension while PBGC determines whether they qualify a DRO.

Contact OPSS for approval before applying a 40% reduction.

B. Disability benefits

PBGC will recoup at an additional 40% when overpayments result directly from retroactive payments, cited below, and the participant does not notify PBGC of such an award, if the participant's plan ends the entitlement to a plan disability or reduces the amount of the disability benefit or offsets a temporary supplement.

Social Security disability benefit

Workers' compensation or similar benefit

1. Determine the overpayment amount.
2. Determine 40% of the current benefit amount to determine the reduction amount.
3. Divide the overpayment amount by the reduction amount. The result is the number of months to recoup the reduction amount. Waive any partial amount for the final payment.
4. Document the determination in the participant file (IPS).
5. Submit the determination letter for supervisory approval; then send the letter to the participant.

C. Benefit suspension overpayments - working retirees

If an early retiree whose benefit should have been suspended upon reemployment with the DOPT employer is overpaid due to failure to notify PBGC of such reemployment, his or her termination benefit will be reduced by 25% until the full amount attributable to delayed suspension is recouped. However, this additional recoupment will be applied only if PBGC has notified the participant that his or her benefit is subject to suspension upon reemployment with the DOPT employer. (See PBGC Operating Policy 5.2-2: Working Retirement.) Such recoupment will be in addition to any other recoupment reduction in effect for the payee's benefit. Additional recoupment at the rate of 25% will result in a maximum recoupment reduction of 35% for a participant whose benefit is already being reduced by the maximum amount under the general rule (see section H1 of PBGC Operating Policy 6.4-1: Recoupment and Recovery of Post-DOPT Benefit Overpayments).

Benefit suspension overpayments can happen each time the participant returns to work for the DOPT employer, but the participant receives appeal rights only the first time PBGC makes a determination. Each time the participant returns to retiree status, the TPD case team actuary has to recalculate the benefit to accommodate for changes that may affect the benefit amount.

1. Verify that a formal working retirement determination has been made for the plan. See PBGC Operating Policy 5.2-2: Working Retirement.
 - If not, refer the issue to the auditor and take no action until the determination is made.
 - If a formal determination has been made and the participant is receiving an early retirement benefit and returned to work with the DOPT employer, verify that it is applicable to continue with this procedure.
 - Draft a determination letter to notify the participant. The letter should include:
 - the facts in PBGC's possession and PBGC's position on those facts
 - a request for the participant to confirm or deny the facts and, if denying, provide any supporting documentation.
 - a request that the participant respond within 20 calendar days (include the suspense date) or PBGC will suspend the benefit.
 - that PBGC will reinstate the benefit if the participant again separates from the DOPT employer's service, but PBGC may adjust the amount of the benefit.
2. If the actuary's recommendation indicates a net benefit overpayment attributable to a delayed benefit suspension, apply an additional 40% recoupment to the participant's benefit until the amount of the overpayment is recouped.

3. Submit a copy of the formal working retirement determination, relevant plan provisions, and determination letter for supervisor concurrence.
4. Send the determination letter to the participant.
5. Respond to the participant's action:
 - If the participant does not respond within the specified period, suspend benefit payments in Spectrum immediately upon completion of the specified period, and forwarding the record for approval. See TP 28: Approve Financial & Non-Financial Transactions through Approval Service.
 - If the participant denies the facts, treat the case as an appeal and refer it to the Appeals Division, OGC. Keep the participant in pay status at the current amount and follow instructions from the Appeals Division. See Process 20.2: Respond to Appeal Closing Memo.

Note The 40% is in addition to any other recoupment reduction in effect for the benefit, and applies to any contingent beneficiary as well.

TP 7.3 Process QDRO related recoupments

11/30/2007

Purpose	To divide a recoupment amount between participant and alternate payee or beneficiary, as applicable
Required input and Source	QDRO provision concerning split in benefit payment between participant and alternate payee or beneficiary
Process Output and Recipient	Recoupment of the appropriate amount and for the specified time from benefit payments of the participant and alternate payee.
Control Issues	If a QDRO contains specific provisions concerning recoupment of overpayments, PBGC will determine on a case-by-case basis whether to follow such provisions. Contact OPSS before applying any method other than those prescribed in PBGC's recoupment regulation and policy.
Important Concepts	PBGC reserves the right to use its discretion under the recoupment regulation (29 CFR § 4022. 81(a)) to apply its recoupment rules to cases involving QDROs by other methods on a case-by-case basis.
Guidance	PBGC Operating Policy 6.4-1: Recoupment and Recovery of Post-DOPT Benefit Overpayments
Procedure Owner	EBLS/PBA/FBA

TP 7.3 Action Steps: Process QDRO related recoupments

01/19/2005

A Qualified Domestic Relations Order (QDRO) stipulates how a participant's pension benefit should be split between the participant and the alternate payee (AP). It may provide information on whether PBGC should treat the AP as the surviving spouse or beneficiary. BAPD identifies three distinct categories for the benefit splits.

A. **Alternative Payee as Surviving Spouse or Beneficiary**

PBGC applies recoupment rules that are applicable to surviving spouses or beneficiaries to APs who are in this category. There is an overpayment if the actual amounts paid exceed the termination benefits.

B. **Shared Payments**

1. **Overpayment Amount**

PBGC compares the combined actual benefits paid to the participant and AP with the combined correct termination benefits payable to them. An overpayment occurs if the actual payments exceed the correct termination benefits.

2. **Recoupment Percentage and Limit**

PBGC uses the participant's PV from the actuarial valuation to determine the recoupment percentage and limit. The QDRO is not considered during this process even if benefits were being paid under the QDRO as of DOPT.

3. **Recoupment End Date**

This is based on the total monthly recoupment amount before it is divided between the participant and the AP.

4. **Division of the Monthly Recoupment Amount**

The method for dividing the monthly amount depends on whether the AP is receiving a fixed percentage or a fixed dollar amount.

- **Fixed Percentage:** the monthly recoupment amount will be divided by the same percentages as the participant's benefit. **Example:** if the AP was receiving 75% of the participant's monthly termination benefit, the recoupment percentage will apply to the AP's monthly benefit, which will be 75% of the participant's benefit.
- **Specified Dollar Amount:** If the AP's benefit is a specified dollar amount, PBGC deducts the monthly recoupment amount from the participant's monthly benefit. However, if the monthly recoupment amount exceeds the participant's monthly benefit, the balance of the monthly recoupment amount will be deducted from the AP's benefit. **Example:** Monthly recoupment amount is \$85.00 and participant's benefit is \$102.00 - the entire recoupment amount is deducted from the participant's benefit. However, if the monthly recoupment amount is \$120.00, \$102 will be deducted from the participant's benefit, and \$18.00 will be deducted from the AP's monthly benefit.

C. **Separate Interest**

In separate interest QDROs, see TP 13: Domestic Relations Order Handbook, PBGC treats the participant and AP as separate participants. PBGC determines separately the overpayment amount, recoupment percentage and recoupment end date.

1. **Separate Amounts of Overpayment**

PBGC compares the actual amounts paid to the correct termination benefit payable. There is an overpayment if the actual amounts the participant or beneficiary received are greater than the termination benefit. There is **not** an offset between the participant and the AP if one was overpaid and the other was underpaid.

2. **Separate PVs as of DOPT**

PBGC determines the PV of the termination benefit separately for the participant and AP. If the actuarial valuation does not provide a separate PV, a PBGC actuary will divide the PV based on the terms of the QDRO.

3. **Separate Recoupment Percentages, Limits and End Dates**

PBGC calculates the recoupment percentage separately for the participant and the AP and applies the applicable percentage limit. The recoupment end date is also determined separately.

Note **Contact OPSS for guidance if:**

- the participant's whole monthly benefit (before the QDRO) exceeds the maximum guaranteeable benefit
- the recoupment percentage for either the participant or the AP exceeds 10%

TP 7.4 Effect Recoupment and Notify Payee, if necessary

11/30/2007

<p>Purpose</p>	<p>To apply recoupment of the correct amount and the recoupment end date based on the percentage determined as outlined. Notify the payee if recoupment is not related to issuance of a BDL.</p>
<p>Required input and Source</p>	<p>Overpayments that are discovered through the final valuation & BDL process.</p> <p>Overpayments that are discovered other than through the final valuation and BDL process. Typically, these involve QDROs, disability overpayments (adjustments in disability benefit based on a Social Security disability award), overpayments based on false information, and benefit suspension overpayments. Failure to implement a communicated benefit reduction Accrued amount of overpayment.</p>
<p>Process Output and Recipient</p>	<p>Recoupment deduction and revised BDL to overpaid benefit recipient.</p>
<p>Control Issues</p>	<p>A de minimis overpayment may no longer be de minimis by the time an appeal is resolved because of payments made during the appeals period. In a situation like this, BAPD freezes the de minimis overpayment to avoid recoupment after resolution of the appeal. This is applicable to BDLs issued on or after October 28, 2002 and for unresolved appeals as of this date. However, the overpayment is not frozen when the Appeals Board's decision decreases the benefit, resulting in an amount above the de minimis overpayment.</p> <p>Recoupments should have end dates that match the end date for the corresponding pay source. This may require that the pay source be separated into two pay sources, the first ending on the same date as the recoupment ends, and the second starting the following month. This will ensure that the recoupment is automatically stopped at SSC on its end date.</p>
<p>Important Concepts</p>	<p>PBGC's policy does not generally provide for recoupment of overpayments that occur through a revised BDL. See PBGC Operating Policy 6.4-1: Recoupment and Recovery of Post-DoPT Benefit Overpayments for exceptions. For recoupments initiated before February 28, 1985, PBGC does not seek repayment of benefit overpayments from anyone other than the person who received the benefit overpayment, except to recover from a participant's or beneficiary's estate. Benefit reductions effecting recoupment under this policy are still in effect for some participants. This means that for those recoupments only, PBGC does not recoup against the surviving spouse of a participant who elected a survivor.</p> <p>If a recoupment was previously set up with an end date earlier than the end date of the corresponding pay source, the payment must be forwarded for approval after the recoupment end date in order to stop the recoupment. This is necessary because Integrator only sends the pay source to SSC, after calculating a net amount. The PRISM Forecaster application lists participants with expiring recoupments, as a reminder to users that the benefit payments must be forwarded for approval after the recoupment end date.</p>
<p>Guidance</p>	<p>PBGC Operating Policy 6.4-1: Recoupment and Recovery of Post-DoPT Benefit Overpayments</p>

	IOD Policy Bulletin 95-3: Waiver of Recoupment & Recovery for Future IDLs in Plans with Pre-1985 Dates of Plan Termination IOD Policy Bulletin 03-2: Effect of Appeals on De Minimis Recoupment and Recovery Amounts
Procedure Owner	EBLS/PBA/FBA

TP 7.4 Action Steps: Effect Recoupment and Notify Payee, if necessary

10/26/2007

1. Use data from the PACS Recoupment Summary to implement the recoupment reduction.
2. Use Spectrum to end the current pay source with the month prior to the target adjustment date (effective date of commencement of recoupment).
 - Go the next guaranteed pay source and enter the new gross amount, the Begin Date (target adjustment date), and End Date (the recoupment end date).
 - Enter the recoupment amount in the corresponding deduction field, the Begin Date that agrees with the Begin Date of the new pay source, and the recoupment end date.
 - Go the next guaranteed pay source and enter the new gross amount, the Begin Date (the month following the recoupment end date) and End Date (usually 12/01/2099, if not a C&C benefit). This will automatically start up a new pay source, with no reduction for recoupment, following the end of the recoupment period.
3. Forward the transaction for approval.
4. Ensure that all documents pertaining to the benefit change and recoupment are scanned to the participant's IPS file.

TP 7.5 Process 4022(c) Benefit where Title IV benefit is being recouped

11/30/2007

Purpose	To process 4022 (c) benefit where Title IV benefit was previously determined and is being recouped.
Required input and Source	Entitlement to 4022(c) Benefit after Title IV benefit was determined, and recoupment is in effect.
Process Output and Recipient	<p>Computation of the amount of backpayment to determine size of overpayment and:</p> <p>if there should be an offset toward future recoupment amounts or</p> <p>if back payment should be made.</p> <p>Offset of backpayment against future recoupment amount or payment of back payment with no change to future recoupment amounts. Increase in payee's benefits by 4022(c) amount.</p>
Control Issues	<p>Adherence to recoupment regulation and policy to ensure correct action is taken.</p> <p>Recoupments should have end dates that match the end date for the corresponding pay source. This may require that the pay source be separated into two pay sources, the first ending on the same date as the recoupment ends, and the second starting the following month. This will ensure that the recoupment is automatically stopped at SSC on its end date.</p>
Important Concepts	<p>PBGC may issue a Title IV Benefit Determination Letter (in cases where a significant delay is expected before 4022(c) benefits will be determined and small amounts are expected), and initiate recoupment. In such cases, PBGC will normally apply the recoupment reduction to Title IV benefit payments, and not to 4022(c) benefits. PBGC may, however, offset back payments of 4022(c) benefits and apply recoupment to future 4022(c) benefits in certain cases (e.g., cases involving large overpayments, and cases in which the monthly recoupment amount was limited to 10%.)</p> <p>If a recoupment was previously set up with an end date earlier than the end date of the corresponding pay source, the payment must be forwarded for approval after the recoupment end date in order to stop the recoupment. This is necessary because Integrator only sends the pay source to SSC, after calculating a net amount. The Forecaster application lists participants with expiring recoupments, as a reminder to users that the benefit payments must be forwarded for approval after the recoupment end date.</p>
Guidance	<p>PBGC Operating Policy 6.4-1: Recoupment and Recovery of Post-DOPT Benefit Overpayments</p> <p>Spectrum User Guide</p>
Procedure Owner	EBLS/PBA/FBA

TP 7.5 Action Steps: Process 4022(c) Benefit where Title IV benefit is being recouped

07/27/2007

Small 4022(c) benefit

1. Use PACS to compute the backpayment. Enter all required data elements.

Example: DOPT 04/30/1988; Title IV benefit \$452.80; Estimated benefit \$447.13; 4022(c) benefit \$5.67. Payee's Title IV benefit was being recouped from 04/1/1995. Target adjustment date to increase benefit by \$5.67 is 02/01/2000.

Payment data to input in PACS is -

Amount The current gross amount - \$452.80

Begin date 01/01/1988 (DOPT if pre-DOPT retiree)

End date Month prior to the target adjustment date - 01/01/2000

Note Begin date is actual benefit commencement date if benefit started after DOPT

2. Increase the benefit amount by the 4022(c) amount effective from the target adjustment date in Spectrum. See TP 28: Approve Financial & Non-Financial Transactions through Approval Service.
3. Use Spectrum for the backpayment and forward the transaction for approval.
4. Ensure that all documents pertaining to the actions taken are scanned to the participant's file (IPS).

Large Overpayments

PBGC may offset back payments of 4022(c) benefits and apply recoupment to future 4022(c) benefits in cases where:

- there are large overpayments
- where the monthly recoupment amount is limited to 10%,

TP 7.6 Take Appropriate Action on Payee's Response

11/30/2007

Purpose	Take appropriate action depending on payee's response.
Required input and Source	Expiration of 45-day appeal period. Request from payee to make a prepayment of the overpayment
Process Output and Recipient	Recoupment (benefit reduced to recoupment amount). Response to the Appeals Division instructions (in case of an appeal).
Control Issues	N/A
Important Concepts	PBGC's decisions to recoup overpayments are not subject to appeal. The underlying determinations of benefit entitlement and amount are subject to appeal. At the request of the payee or other interested party, PBGC will review any of the other factors underlying its computation of the amount of a benefit overpayment, and the calculation of the recoupment reduction itself for accuracy, and adjust recoupment as necessary.
Guidance	PBGC Operating Policy 6.4-1: Recoupment and Recovery of Post-DOPT Benefit Overpayments
Procedure Owner	EBLS/PBA/FBA

TP 7.6 Action Steps: Take Appropriate Action on Payee's Response

05/31/2007

Take appropriate action:

Payee appeals

Follow instructions from the Appeals Division. See Process 20.2: Respond to Appeal Closing Memo.

1. Follow Process 20.1: Respond to Acknowledgment of Appeal or Extension Request.

Payee requests to make full payment

1. Advise the payee that there is a disadvantage to prepayment as PBGC does not charge interest during the recoupment period.
2. If the payee insists, provide the Lockbox Address to mail the check.

CCB

Follow TP 8: Process Returned/Received Check

TPD/FBA

CRM notifies the appropriate TPD/FBA of the receipt of the payment.

1. Send an eALG 531 Receipt of Complete Documentation/Information to the payee to confirm receipt of the payment.
2. Ensure that recoupment action is not initiated.

TP 7.7 Forms, Letters, Memos, etc

05/31/2007

Note: After opening a file listed below, use **File / Save As** to give appropriate name and then save with other case related files. To switch between the file and the Manual, press **ALT+TAB**.

Acknowledgment Letter - eALG 530

eALG 530 Request for Additional Documentation/Information

eALG 531 Receipt of Complete Documentation/Information

Check Action Request Form (CARF), Form 478

Recoupment Waiver Memo

Recoupwv.doc

Worksheet for Application of Variance from the 10% Cap on Recoupment

Var10cap.doc