

Beware USPS post-retirement debt collection



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Retired letter carriers who receive a written notice from USPS claiming a debt is owed should visualize flashing red lights and loud sirens signifying extreme danger.

If a letter carrier receives such a notice and does nothing, the Postal Service may refer the claimed debt to the U.S. Treasury. Once a referral to Treasury is made, the amount can be increased by hefty penalty and finance charges and the total amount deducted from a Civil Service Retirement System or Federal Employees Retirement System pension, from a Social Security benefit, from a federal tax return, or from other federal benefits. Treasury may also sell the

debt to a collection agency. All of this may happen even if the claimed debt is in error.

Right or wrong, made-up or actual, correctly calculated or not, post-retirement debts that are referred to Treasury can result in additional penalties and be subject to confiscation. So, don't let the debt collection get referred to Treasury. A retired letter carrier can stop a referral to Treasury by formally appealing the debt-collection notice.

However, an appeal of a post-retirement debt cannot normally be done using the grievance procedure. Instead, the Postal Service has an internal debt collection appeal procedure available to retirees. It is a formal procedure involving a first step known as a "Request for Reconsideration," and a second step known as a "Petition for Review." Once a letter carrier properly invokes the appeal procedure, the law prohibits the Postal Service from further collection action pending resolution of the appeal.

The appeal procedure can be used to obtain the documentation the Postal Service relies upon to claim the debt and thus determine whether the Postal Service is correct that money is owed, and if so, whether the amount claimed is accurate. If the documentation shows the debt exists but the amount claimed is incorrect, an administrative law judge working within the appeal procedures can correct the error. If the documentation shows the debt is claimed in error, the administrative law judge can order the Postal Service to cease all collection efforts. If the documentation shows the debt is owed, and the amount is correct, the administrative law judge can agree to a reasonable repayment schedule. In all of these situations, there is no referral to Treasury, and there are no penalties or interest charged.

Here is the bottom line: If a retired letter carrier receives

a debt-collection notice from the Postal Service, he or she should immediately seek assistance from his or her branch. If the branch does not have expertise in post-retirement debt collection appeals, contact the national business agent or the NALC Retirement Department. The letter carrier should also ensure that a timely written appeal is made. The time limit is 30 days from receipt of the debt-collection notice.

The above is true in all cases, but especially in cases where the letter carrier knows that the claimed debt is incorrect and no money is owed.

Consider the following case. A letter carrier received a Letter of Demand while still working. A grievance was filed. The grievance proceeded to Step B. While the Step B decision was pending, the letter carrier retired. The Step B team found the debt was not owed and instructed the Postal Service to rescind the Letter of Demand and stop all collection efforts. However, the Postal Service, around the same time as the Step B decision was issued, sent the retired letter carrier a post-retirement debt collection notice for the same debt. The retiree thought the matter was settled and did not appeal the post-retirement debt collection notice within 30 days. The Postal Service then referred the debt to Treasury, which added penalty and interest charges exceeding 50 percent of the debt and began collecting the debt by involuntary deductions from the retiree's monthly CSRS annuity.

If the retired letter carrier had appealed the post-retirement debt collection notice, the Postal Service would have been prohibited by law from referring the debt to Treasury. Moreover, the administrative law judge acting within that appeal procedure would have reversed the debt upon review of the Step B decision.

Don't let post-retirement debt collection notices get referred to Treasury. Ensure that such notices are timely and correctly appealed.

This column should be read in conjunction with the August 2014 Retirement Department column, which provides specific technical guidance on accessing the internal appeal procedures that will stop the USPS from referring a claimed debt to Treasury. A copy of the August 2014 column is available online at [nalc.org/Workplace Issues/Retirement/Select an Article/August 2014](http://nalc.org/WorkplaceIssues/Retirement/Select an Article/August 2014), or by calling your national business agent or the Retirement Department. The Retirement Department can be reached toll free at 800-424-5186 Monday, Wednesday and Thursday 10 a.m. to noon and 2 p.m. to 4 p.m. Eastern Time, or at 202-393-4695.