

## Post-retirement debt collection



**Dan Toth**

**R**etired letter carriers who receive a written notice from USPS claiming a debt is owed should visualize flashing red lights and imagine 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 Department. Once a referral to Treasury is made, the amount allegedly owed can be increased by hefty penalty and finance charges. The total amount owed can be deducted from a Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS) 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, real or invented, correctly calculated or wildly inaccurate, post-retirement debts that are referred to Treasury can result in additional penalties and enforcement actions, such as confiscation. So, don't let the debt collection get referred to Treasury. A retired letter carrier can stop a referral to Treasury by formally disputing the debt collection notice through the grievance procedure or by utilizing the internal appeal procedure.

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Although retired employees generally lose access to the grievance process, a retiree who receives an invoice or notice of debt from the Postal Service can initiate a grievance through the local branch of their former employing office initiated directly to Step B. The grievance must be received at Step B within 30 days from the date the retiree first learned, or may reasonably have been expected to have learned, of the Postal Service's intent to collect the debt. The memorandum of understanding (*Re: Debts of Retired Employees*) that explains this process is found in the 2016 National Agreement on page 214.

In accordance with Section 485 of the *Employee and Labor Relations Manual (ELM)*, if the former employee timely

initiates a grievance in accordance with the collective bargaining agreement's provisions, the Postal Service will stay the collection of the debt by administrative offset until after the disposition of the grievance.

**Additionally, the Postal Service's internal appeal procedure is available to retirees.** It is a formal procedure involving both a first step known as “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 action toward collection, pending resolution of the appeal.

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

Certainly, the debt could be valid, such as when a carrier used advanced annual leave and retired prior to earning it. This results in a negative annual leave balance at retirement. But every retiree who receives a letter of demand should be able to understand why he or she owes money and have enough information to ensure the amount owed is properly calculated.

**If a retired letter carrier receives a debt-collection notice** from the Postal Service and can't verify the validity of the debt, he or she should immediately seek assistance from their branch. If the branch does not have expertise in post-retirement debt collection appeals or needs assistance with the grievance procedure, it should contact the national business agent or the NALC Retirement Department.

Don't let post-retirement debt collection notices get referred to Treasury. To reiterate, a request for reconsideration must be submitted within 30 calendar days of receiving the notice, or a grievance must be received at Step B within 30 days from the date the retiree first learned or may reasonably have been expected to have learned of the Postal Service's intent to collect the debt.

A previous article from the Retirement Department published in the August 2014 edition of *The Postal Record* provides more detail of the specific technical guidance on accessing the internal appeal procedures.