

FEDERAL RESERVE BANK
OF NEW YORK

June 20, 1975

SPECIAL \$50 PAYMENTS TO SOCIAL SECURITY AND
RAILROAD RETIREMENT BENEFICIARIES

Negotiation of Checks for Deceased Payees

*To All Banks in the Second
Federal Reserve District:*

The Treasury Department has issued the enclosed notice of procedures to be observed on the indorsement of special one-time \$50 payments by the Treasury to persons entitled to social security, supplemental security income, or railroad retirement benefits for the month of March 1975. Specifically, the notice sets forth indorsement procedures for cases where the payee dies after March 31, 1975 and before the receipt or negotiation of the check.

Any questions on this matter may be directed to Joseph M. O'Connell, Manager, Check Processing Department (Telephone No. 212-791-5321), or John M. Eighmy, Chief, Check Processing Division (Telephone No. 212-791-5319). Additional copies of the enclosure will be furnished upon request.

ALFRED HAYES,
President.

DEPARTMENT OF THE TREASURY
FISCAL SERVICE

Bureau of Government Financial Operations

SPECIAL \$50 PAYMENTS TO
SOCIAL SECURITY AND RAIL-
ROAD RETIREMENT BENEFICIARIES

Deceased Payees

Notice of Procedures to be
Observed on Indorsement of Treasury Checks

1. Background. Section 702 of the Tax Reduction Act of 1975, Public Law 94-12, approved March 29, 1975, provides for special one-time \$50 payments by the Treasury Department to persons entitled to social security, supplemental security income, and railroad retirement benefits for the month of March 1975. The intent of the Congress was to provide to the persons entitled to the benefits described above, a payment comparable in nature to the tax rebates authorized under title I of the Act.

2. Purpose and Scope. Under the Act, entitlement accrues to all individuals who were entitled to a regular payment under any of the above programs for the month of March 1975, so long as the payment check for that month is issued no later than August 31, 1975. These checks will contain a legend "P. L. 94-12 Payment" and will be payable in the amount of \$50 or multiples thereof.

3. Limitation. The provisions of this notice are limited to the negotiation of Treasury checks issued for the special one-time \$50 payment referred to above, where the payee dies after

March 31, 1975 and before the receipt or negotiation of the check.

4. Manner of indorsement. Treasury checks hereinbefore described may be negotiated and will be paid by the Treasury when indorsed in the manner indicated:

(a) Executors and administrators. Executors and administrators may negotiate the checks in accordance with provisions of section 240.10(a) of Treasury Department Circular No. 21, as amended, 31 CFR 240.10(a).

(b) Surviving spouse and next of kin. If no executor or administrator is to be appointed, the Treasury Department will pay a check bearing (1) an indorsement, on behalf of the estate of the payee, by the surviving spouse residing with the deceased payee at the time of death, or (2) if no such spouse survives, an indorsement in a similar representative capacity by the next of kin. The next of kin shall be one of the following relatives of the deceased payee in the order named: (1) children, (2) parents, (3) brothers or sisters. In either event the indorsement shall be substantially as follows:

For the Estate of the within named payee

By _____
Surviving Spouse Residing with Deceased Payee
at Time of Death

or

For the Estate of the within named payee

By _____
Next of kin

(c) Checks drawn payable jointly to two persons of the same family. A check drawn to two persons of the same family, where one of the payees dies before receipt or negotiation of the check, may be indorsed and negotiated by the survivor for self and for the deceased payee. Any appropriate form of indorsement will suffice, such as:

John Doe, and

John Doe, for the deceased Mary Doe

(d) Checks drawn to the order of representative payees.

A check drawn to a representative payee for another, which has not been negotiated before the death of the representative payee, shall be returned to the issuing disbursing center for cancellation and reissuance to another representative payee.

5. Caution. Cashing indorsers are cautioned that they are protected only if the facts of each case support the indorsement on the checks. If such a cashing indorser is doubtful about the validity of the indorsement, he should require documentation in support of the death of the payee and in support of the status of the person signing in a representative capacity for the estate of the decedent. Except as specifically provided herein, 31 CFR Part 240 (Treasury Department Circular 21) shall govern the negotiation and payment of these checks.

5 U.S.C. 301; Sec. 702; P.L. 94-12, 89 Stat. 66.

Sgd. John K. Carlock

John K. Carlock
Fiscal Assistant Secretary

Date: MAY 9 1975