

COMPLIANCE

Federal government to phase out paper checks

by Tom Shaevsky, General Counsel



Tom Shaevsky is general counsel at BeneSys Inc. He has spent more than 25 years practicing ERISA/employee benefits law.

Upon returning to the Oval Office, President Donald Trump has issued a number of executive orders, including one on March 25 that has not received much attention (at least so far): Executive Order 14247, "Modernizing Payments To and From America's Bank Account."

Effective Sept. 30, 2025, the U.S. Secretary of the Treasury is ordered to cease issuing paper checks for all federal government disbursements and receipts — including benefits payments (such as Social Security payments), tax refunds, intra-governmental payments and vendor payments — and transition to electronic funds transfers to the

extent permissible under applicable law.

The presidential directive instructs all executive departments and agencies to transition to EFT methods, including direct deposit, prepaid card accounts and other digital payment options, and to take all steps necessary to enroll recipients in EFT payments. (For tips on minimizing the risks associated with electronic banking, see "Be Smart and Safe When E-Banking" on page 4.)

The Secretary of the Treasury and other Cabinet secretaries are to take appropriate action to eliminate the need for the Department of the Treasury's physical lockbox services and expedite requirements to receive the payment of federal



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receipts, including fees, fines, loans and taxes, through electronic means.

Why eliminate paper checks?

The executive order notes that the federal government's continued use of paper-based payments — including checks and money orders — flowing into and out of the U.S. General Fund imposes unnecessary costs, delays, and risk of fraud, lost payments, theft and inefficiencies. Mail theft complaints have increased substantially since the COVID-19 pandemic, and

Treasury checks are 16 times more likely than an EFT to be reported lost or stolen, returned undeliverable, or altered. (See "Check Fraud Is on the Rise via U.S. Mail, but These Safeguards Can Help," below.)

Exceptions to the presidential directive

The Secretary of the Treasury is instructed to grant limited exceptions where electronic payment and collection methods are not feasible, including exceptions for:

- **Individuals who do not have access** to bank-

Check fraud is on the rise via U.S. mail, but these safeguards can help

The U.S. Department of the Treasury's

Financial Crimes Enforcement Network, or FinCEN, issued a Financial Trend Analysis on Sept. 9, 2024, regarding check fraud incidents related to mail theft. The analysis is based on Bank Secrecy Act data filed in the six months following FinCEN's issuance of its 2023 alert on this same topic. During the review period, FinCEN received 15,417 Bank Secrecy Act reports from 841 financial institutions on check fraud related to mail theft, amounting to more than \$688 million in reported suspicious activity. FinCEN identified three primary outcomes after checks were stolen from the U.S. mail:

- **44%** were altered and then deposited.
- **26%** were used as templates to create counterfeit checks.
- **20%** were fraudulently signed and deposited.

Further, on Jan. 27, 2025, the FBI and the U.S. Postal Inspection Service issued a warning that check fraud is on the rise, with a significant volume enabled through mail theft. According to these agencies, suspicious activity reports filed by financial institutions related to check fraud nearly doubled from 2021 to 2023. The agencies noted that fraudsters gain access to legitimate checks and sensitive financial data by stealing mailed checks from U.S. Postal Service facilities or during delivery to the



intended recipient. The agencies offer the following suggestions for safeguarding mail and checks.

Tips for protecting your mail

- **Pick up U.S. mail promptly** after delivery. Do not leave it in the mailbox overnight or for long periods of time.
- **If you are going to be out of town**, submit a USPS Hold Mail request asking your local post office to hold your mail until you return.
- **Sign up for Informed Delivery** at USPS.com to receive daily email notifications of incoming mail and packages.
- **Contact the sender** if you do not receive a check, credit card or other

valuable mail you are expecting.

- **Use security envelopes** to conceal the contents of mail you send.
- **Use the letter slots** inside the post office to send mail. If using a blue USPS collection box, try to deposit mail as close to the posted pickup time as possible and before the last collection of the day.

Tips for protecting checks

- **Use pens with indelible black ink** so it is more difficult for a criminal to "wash checks" — i.e., alter and deposit them.
- **Do not leave blank spaces** in the payee or amount lines.
- **Do not write personal details** such as your Social Security number, credit card information, driver's license number or phone number on checks.
- **Use mobile or online banking** to access copies of checks and ensure they are not altered. While logged in, review bank activity and statements for errors.
- **Consider using e-check**, ACH (Automated Clearing House) payments, and other electronic and/or mobile payments.
- **Follow up with payees** to make sure they received the check.
- **Use check positive pay** if available at financial institutions to help detect and stop fraudulent checks.
- **Use checks with security features** to limit the effectiveness of check washing.

ing services or electronic payment systems.

- **Certain emergency payments** where electronic disbursement would cause undue hardship.
- **Activities related to national security** or law enforcement where non-EFT transactions are necessary or desirable.
- **Other circumstances** as determined by the Secretary of the Treasury.

Individuals or entities qualifying for an exception are to be provided alternative payment options.

Public awareness campaign coming soon

In the near future, you may be reading more about this new mandate because the Secretary of the Treasury and other Cabinet secretaries are to develop and implement a comprehensive public awareness campaign to inform payment recipients of the transition to EFT payments, including guidance on accessing and setting up digital payment options. The Secretary of the Treasury is to work with financial institutions, consumer groups and other stakeholders to address financial access for unbanked and underbanked populations (see statistics below). •

This article is provided for informational purposes only and does not constitute legal advice. Readers should consult with their own legal counsel before acting on any of the information presented.

Not everyone has access to EFTs: Unbanked and underbanked U.S. households

The new practices envisioned in the recent executive order eliminating paper checks may be challenging for two segments of the U.S. population: unbanked and underbanked households. In its 2023 *FDIC National Survey of Unbanked and Underbanked Households* report, issued late last year, the Federal Deposit Insurance Corp. presented the following data.

4.2% UNBANKED (about 5.6 million households).
Unbanked means no one in the household had a checking or savings account at a bank or credit union.

95.8% BANKED (about 128 million households).
Banked means at least one member of the household had a checking or savings account at a bank or credit union.

Primary method of account access:

- **70.4%** used off-site channels such as mobile (48.3%), online (19.8%) or telephone banking (2.3%).
- **28.9%** used in-person channels such as ATMs (13.8%) or bank tellers (15.1%).
 - **0.7%** used "other."

14.2% UNDERBANKED (about 19 million households).
Underbanked means the household had a checking or savings account at a bank or credit union but in the past 12 months had used **at least one of eight nonbank financial services, or NBFs: three transaction services** (nonbank money orders, check cashing and international remittances) and **five alternatives to mainstream credit** (rent-to-own services and payday, pawn shop, auto title and tax refund anticipation loans).

81.6% FULLY BANKED (about 109.1 million households).
Fully banked means the household had a checking or savings account at a bank or credit union but in the past 12 months had not used any of the above NBFs.

Source: 2023 FDIC National Survey of Unbanked and Underbanked Households (November 2024), available at fdic.gov/household-survey

Be smart and safe when e-banking

by Jason Wolan, CIO



Jason Wolan is chief information officer at BeneSys Inc.

Electronic banking transactions such as EFT (electronic funds transfer), ACH (Automated Clearing House) and wire transfers offer fast and convenient ways to move money, but they also come with significant risks and can be very costly when mistakes or compromise happens. That's why it is critically important to use them responsibly to protect your funds and personal information. The following tips can help.

1. Keep your information secure

- Never share your online banking credentials, PINs or one-time passcodes.
- Use strong, unique passwords and update them regularly.
- Enable two-factor authentication when available.
- Avoid using public Wi-Fi for banking activities.

2. Double-check details before sending

- Always verify recipient account numbers, names and bank routing numbers before initiating transfers.
- For wires and large transfers, double- or even triple-check the information verbally with the recipient (e.g., via a verified phone number).

3. Understand transaction types

- EFT is a general term covering all digital transfers, including ACH and wires.
- ACH is typically used for direct deposits and bill payments; it's slower but reversible within a short window of time.
- Wire transfers are faster and irreversible once sent — great care must be taken with these.

4. Be alert for scams and fraud

- Watch out for phishing emails, fake invoices and urgent payment requests that pressure you to act quickly.
- Be cautious with new or unknown recipients — fraudsters often pose as legitimate vendors or partners.
- Contact your bank immediately if you suspect a fraudulent transaction.

5. Know your responsibility

- You are responsible for the accuracy of the information you provide when initiating a transaction.
- Mistakes, such as sending to the wrong account, may not be reversible.
- Review your account activity regularly, and report unauthorized transactions promptly. •

Recognizing exceptional BeneSys employees

EMPLOYEE SPOTLIGHT: Carrie Bailey, plan manager

Who: Carrie Bailey, plan manager in our St. Louis office.

Why she stands out:

"Carrie is the real deal," says Regional Operations Director Amy Davis.

"She's authentic, hardworking and empathetic. She has all the best qualities that make her a great representative of BeneSys and a



trustworthy advocate for our clients and their members."

History at BeneSys: Carrie became part of the BeneSys team in 2014 as a member service representative. "Over the years I spent time in the contributions and pension/annuity areas, and worked as an assistant office supervisor. I joined the administration team in 2018."

The most gratifying part of the job:

"Working closely with the client to achieve their goals. It's very rewarding

to be part of a successful implementation of a service that could be life-changing for the members and their families."

Career advice: "Clear communication leaves less room for error and builds trust. Building great relationships with those you work with creates new opportunities in the future. Finally, continue learning to stay relevant." •



SpyGlass reports put vital business data at your fingertips



Beacon Technologies Group, a leading provider of health claims management solutions, including SpyGlass, is part of the BeneSys family of companies.

Accurate and timely reporting has become a fundamental component of effective claims management and administration. It is vital for evaluating claims data, identifying trends, and making informed, strategic business decisions to optimize plan management.

SpyGlass, Beacon's premier claims processing software, was built on a modern technology foundation to provide just that and more. The application includes a wide range of comprehensive reporting tools that provide real-time access to a wealth of claims-related information. Each report can be generated on demand or scheduled for automatic delivery, and with just a single click, reports can be exported in HTML, PDF or Excel formats.

The wide variety of powerful reporting tools available in SpyGlass include:

- **Standard reports.** SpyGlass provides 130-plus standard reports for business operations and data analysis across a broad range of categories including claims, management, reinsurance, accounting, auditing, providers and more.
- **Ad-hoc reports.** SpyGlass provides quick access to essential claim information through over 60 unique parameters that can be combined and selected within a user-friendly, customizable ad-hoc report generator. This tool

provides intelligent sorting and can be used for special one-time queries, as well as saved as custom reports for easy reuse.

- **Trigger reports.** SpyGlass offers a system of trigger reports based on an unlimited number of user-defined criteria. These triggers are highly customizable, allowing you to select both the data to include in the report and the elements you wish to feature in the report's output.
- **Data transformation reports.** For more advanced reporting needs, the SpyGlass Data Transformation Tool offers extensive, customizable reports that provide access to over 1,000 distinct data elements across more than 30 meaningful categories from the SpyGlass database.

With SpyGlass' ability to provide immediate access to critical business data and analysis, business operations can be run with greater efficiency and allow for critical decision-making based on accurate, reliable information. Having access to the right information at the right time is crucial for optimal plan management and, ultimately, is the best way to support the clients we serve. To learn more about how our SpyGlass technology can benefit your fund office, contact your plan manager or visit beaconspyglass.com.



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Recently sown tech seeds are taking root

by Ed Wolyniec, CEO

RETIREMENTS

Best wishes to the following employees as they retire:

- Randy LeSage, accounting supervisor — 23 years
- Grace Mulvahill, plan manager — 25 years
- Lisa Ng, contributions manager, West Coast — 19 years

“One of the great strengths of BeneSys is our people — Lisa, Grace and Randy are proof of that!” says CEO Ed Wolyniec. “While we will miss them as they move into retirement, they and their teams have been working to ensure a smooth transition.”

Spring had sprung as I penned this message, with flowering trees in full bloom here in southeastern Michigan and a feeling of renewal in the air. At BeneSys, we have some new items to share as well.

I’m very pleased to report that our self-assessment of the Department of Labor cybersecurity guidelines is now 100% compliant, or “green.” With restructuring and some process improvement completed within our Programming team, we are in line with requirements for the software life cycle item. This is important because it reduces the likelihood of malicious code entering our applications and creating backdoors or other security issues.

We are also closing in on moving all our medical claims adjudication clients to the excellent SpyGlass platform that came to BeneSys with our acquisition of Beacon Technologies a few years ago. A key feature is the ability to automate, or “auto-adjudicate,” a larger variety of payments. This benefits plan members and dependents with increased accuracy on medical claim payments and potentially quicker turn-



around. Healthcare trust funds will see benefits with increased reporting capabilities. [Read about SpyGlass report capabilities on page 5.]

Thank you for the opportunity to be your partner. As always, feel free to provide feedback on how we are doing directly to me at ed.wolyniec@benesys.com. •

ABOUT BENESYS

BeneSys has been providing Taft-Hartley trust fund administration and IT services since 1979. Our dedicated specialists understand the nuances of Taft-Hartley benefit plans, and our software system, BenefitDriven, is designed to give our clients and their plan Participants the most efficient tools for self-administering trust fund accounts.

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