YOUR RIGHTS CONCERNING THIS UNDERPAYMENT OF PREMIUMS

Before we can begin collection, we must tell you about your rights.

You or an individual you have authorized in writing to represent you may personally inspect and copy our records pertaining to the underpayment at our office in Washington, DC. Alternatively, you or your representative may ask for a copy of our records. You must request an appointment for personal inspection or a copy of the pertinent records on Part 2 of this form.

A. INSTALLMENTS COLLECTED AS SHOWN ABOVE OR PAYMENT IN FULL (INSTRUCTIONS FOR PART 2A OF THIS FORM). If you accept our decision concerning the existence and amount of the underpayment, and agree to the installment withholding schedule shown in blocks 6 and 7, you do not need to take any action. Payments will automatically be deducted from your annuity as shown.

If you accept our decision concerning the existence and amount of the underpayment, but do not want to pay in installments, you may check box 1 or 2 on Part 2 of this form and make payment in full as indicated.

1. Full Payment Enclosed (Check box 1 on Part 2 of this form)

If you are making a full payment, send your check or money order to:

Office of Personnel Management
Attn: Legal Reconsideration Branch
1900 E Street, NW
Washington, DC 20415

2. Full Payment Within 90 Days (Check box 2 on Part 2). We will allow a maximum of 90 days to make full payment. You should specify the date when payment will be mailed in the space provided. If payment has not been received within 30 days after the date you specify, we will begin installment deductions as indicated in blocks 6 and 7 on Part 1 of this form.

B. LOWER INSTALLMENTS OR COMPROMISE (INSTRUCTIONS FOR PART 2B OF THIS FORM). If you accept our decision concerning the existence and the amount of the underpayment, but want to request lower installments or make a compromise payment offer, check the appropriate box in Part 2B and submit any supporting documents or statements requested.

3. Lower Installments (Check box 3 on Part 2). You can ask OPM to increase or decrease the amount of the installment we plan to deduct (block 7 on Part 1 of this form) from your annuity. If you ask that the installments be decreased, you must also indicate the amount you think you can pay monthly. Also, complete the enclosed Financial Resources Questionnaire for FEHB Premium Underpayments to show that lower installments are necessary. (**Note:** You do not need to fill out the Financial Resources Questionnaire to request lower installments as long as your payments are at least $50 a month and are sufficient to pay off the entire amount within 3 years.) We will do our best to accommodate your financial situation. However, we cannot guarantee that the amount you specify will be approved.

4. Compromise (Check box 4 on Part 2 of this form). Based on the evaluation of your Financial Resources Questionnaire, if we determine that you cannot pay the full amount within a reasonable period of time, we may suggest a compromise. A compromise, in most instances, will involve our acceptance of less than the total amount as full settlement for our claim. (See 31 CFR 902.1, et seq.)

You can suggest a compromise of your own. We prefer that such offers not involve installment payments. Rather, your compromise offer could be, for example, an offer to pay a smaller lump sum now in full settlement of an underpayment we set up for recovery over a period of months.

We will consider compromise offers involving installment payments. However, you must be willing to sign a firm written offer of compromise. Your offer of compromise must be for a specific dollar amount with a specific payment schedule. In order to have your compromise offer considered, state in the space provided on the back of Part 2 all the reasons why you believe compromise would be appropriate given your circumstances, and complete the Financial Resources Questionnaire for FEHB Premium Underpayments. You must establish your eligibility for compromise by substantial evidence. (**Note:** We consider substantial evidence to be sufficient relevant evidence supporting your conclusion to make a reasonable person decide in your favor.)

C. RECONSIDERATION, WAIVER, LOWER INSTALLMENTS, COMPROMISE, OR VOLUNTARY PAYMENT AGREEMENT (INSTRUCTIONS FOR PART 2C OF THIS FORM). If you do not accept our decision on the existence and/or amount of the premium underpayment, you may request any of the options described below. You may request more than one option. You should check the appropriate box in Part 2C of this form and submit the supporting documents and statements requested.

If we determine that the decision on the existence and/or amount of the underpayment is correct, you have the right to appeal our decision in United States Federal District Court. If we deny your request for waiver or compromise, you may appeal our decision to the United States Merit Systems Protection Board.

5. Reconsideration (Check box 5 on Part 2 of this form). You can request reconsideration of our decision that you owe us or that the amount you owe equals the amount shown in box 5 above. Show in the space provided on the back of Part 2, all the reasons you believe that you do not owe us or that the amount is incorrectly computed. (See 5 CFR 831.1304 for CSRS annuitants or 5 CFR 845.204 for FERS annuitants.)

6. Waiver (Check box 6 on part 2 of this form). Your request that OPM waive (i.e., excuse payment of) the underpayment collection must be submitted by the date shown in block 4 at the top of this notice. You must prove by substantial evidence that (1) you were not at fault and (2) collection of the underpayment amount would be against equity and good conscience. (See 5 CFR 831, Subparts M and N for CSRS annuitants or 5 CFR 845 Subpart C for FERS annuitants.)

- **Fault.** To support your waiver request, you must provide substantial evidence that your action (or failure to take a necessary and timely action) did not play a part in causing or increasing the underpayment. In making our decision, we will look at the issues explained below in light of such mitigating factors as your age, physical or mental condition, the nature of the information supplied to you regarding the circumstances leading to the underpayment, etc. (**Note:** By itself, the fact that OPM may have been responsible for the underpayment does not necessarily mean that you will be excused from making repayment. See "Equity and Good Conscience.")

  Considerations in Finding Fault. If you are submitting a request for waiver, make sure you respond specifically to

any of the questions below that may apply to your underpayment:

a) If OPM made the error in your payment, should a reasonable person in your circumstances have known the payment was wrong?

b) If the underpayment occurred because of incorrect information you furnished, would a reasonable person in your circumstances know that the information was incorrect?

c) If the underpayment occurred because of your failure to provide material information in your possession, would a reasonable person in your circumstances know that he or she had to provide the information and that failure to do so would make a difference in the premium?

- **Equity and Good Conscience.** Your submission in support of your waiver request must provide substantial evidence to establish one or more of the following:

a) Collection of the underpayment would cause you financial hardship. We will find that financial hardship exists to a degree that will entitle you to a waiver if you can show on your Financial Resources Questionnaire for FEHB Premium Underpayments that you need substantially all of your current income and liquid assets to meet ordinary and necessary living expenses and liabilities. Note: 1) in making this decision, we are primarily concerned with your ability to pay us now. However, we will also consider whether your financial condition can be expected to improve in the future. 2) If the expenses shown on the Financial Resources Questionnaire include those of your spouse and children, the income section must also include the income generated by those members of your family.

b) When you received your annuity with the insufficient premiums withheld, did it (regardless of your current ability to pay) cause you to give up a valuable right, such as some other benefit payment. Or, in reliance on the incorrect payment, did you change your financial position for the worse, such as making a commitment that you would not have made under other circumstances.

c) Collection of the premium underpayment would otherwise be inequitable due to special or exceptional circumstances. (Note: In the event we determine that the underpayment exists, the amount owed is correct, and your waiver or compromise request is denied, we may still consider lessening the financial burden by lowering your monthly installments. For this purpose, you should indicate on Part 2 of this form the amount you can pay on a monthly basis to pay in full.)

7. Lower Installments Or A Compromise Payment (Check the appropriate box in item 7 on Part 2 of this form). In the event your reconsideration or waiver request is denied, you may also request lower installments or offer a compromise payment. Make, on the back of Part 2, the statements required to support your request (see the discussion of "Lower Installments" and "Compromise" in Part 1, item 4), and complete the Financial Resources Questionnaire for FEHB Premium Underpayments.

8. Voluntary Payment Agreement (Check box 8 on Part 2 of this form). Rather than having your annuity offset, you may ask us to let you send in regular installment payments. We have sole discretion whether to accept such payments in place of the offset. If you want to send your payments to us instead of having them deducted from your annuity, you must complete Part 2 of this form. In the space titled "Your Statement Concerning the Underpayment of FEHB Premiums" show that deducting monthly installments from your annuity would cause a financial hardship or would be against equity and good conscience. You must also complete the Financial Resources Questionnaire for FEHB Premium Underpayments. Do not make payments until we notify you that the voluntary payment agreement is acceptable. If we approve the voluntary payment agreement and your account becomes delinquent, we will cancel the payment agreement and make deductions from your annuity until the amount is paid.

D. HOW AND WHEN TO MAKE YOUR REQUEST. The procedures for requesting copies of your records, lower installments, a voluntary payment agreement, reconsideration, waiver, or compromise are as follows:

1. Complete Part 2 of this form and state your reasons for making the request(s). If your name and address as shown are not correct, make any necessary changes.
2. If your request is returned to us by mail, it must be postmarked within 30 calendar days after the date of this notice (see box 3) and mailed to:

   Office of Personnel Management
   Attn.: Legal Reconsideration Branch
   1900 E Street, NW
   Washington, DC 20415

3. If you plan to submit additional evidence to support your request and that information is not available, you must:
   - Submit Part 2 of this form within the 30-day time limit; and
   - Include in your request a statement that you will be submitting additional evidence, a brief description of the evidence that you will submit, your estimate of the date the evidence will be available, and a brief explanation for the delay.

   We will acknowledge receipt of your statement and consider your request filed on time. Please send the additional evidence as soon as possible.

   OPM can extend the 30-day time limit only if you show that you were not aware of the time limit or you were prevented from responding by a cause beyond your control.

E. FINAL DECISION. After we consider your request, we will send you a final decision in writing. If our decision is not in your favor, any further rights of review available to you will be explained at that time. Collection actions will be suspended at all levels of review if a timely request is received, unless you become eligible for a lump sum payment or your recurring monthly payment is scheduled to cease within one year and (1) failure to make offset would substantially prejudice the Government's ability to collect and (2) the time before the payment is to be made does not permit completion of the proceedings explained above.