merative™

Cúram 8.2

Deductions Guide

Note

Before using this information and the product it supports, read the information in Notices on page 25

Edition

This edition applies to Cúram 8.2.

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Chapter 1 Cúram Deductions overview

Cúram deductions are a means of budgeting or clearing an existing debt from a benefit payment. Applied and unapplied deductions are used to clear debts owed to the organization. Third-party deductions are used to make payments to other participants.

Deductions are made from benefit payments that are issued in respect of a person's product delivery cases. Nominees are the recipients of benefit payments. When a deduction is processed against a payment, the appropriate nominee receives a reduced payment amount.

1.1 Deduction categories

Use this information to understand the three categories of deduction: applied, un-applied, and third party.

Applied deduction

An applied deduction is an amount that can be deducted from a benefit payment and applied toward an outstanding liability owed to the organization. For example, $10 of a person's benefit payment can be applied toward an overpayment that was previously issued to that person.

Applied deductions can be allocated toward liabilities incurred by the primary client of the benefit payment or to any other participant. For example, part of the benefit payment can be allocated toward a liability incurred by another member of the household..

Un-applied deduction

An un-applied deduction is a standalone deduction amount that is not applied toward a specific liability. The deduction amount can be used to make a general refund to the organization. For example, if a person is issued a one-off payment from an emergency fund, the organization can later deduct the amount from the person's benefit to recoup the payment.

Third-party deduction

A third-party deduction is an amount that is deducted from a person's benefit payment in order to pay off charges, costs, or debts owed to another participant. A person may decide to apportion his or her benefits in this way to budget for the household or to clear an existing bill.

Third-party deductions can be issued to registered persons, employers, service suppliers, product providers, information providers, utilities, or representatives. Third-party deductions can be used to pay off fuel costs, housing costs, council tax arrears, or water and sewerage charges. For example, a person can allocate part of their benefit payment toward an electricity bill. Third-party deductions can also be used to pay off unpaid fines, compensation orders, or child support orders.

Third-party deduction recipients are automatically added as case participants on a case.

When a third-party deduction ends, the system alerts the user to this effect.

1.2 Configuring deductions

You can configure deduction information in system administration so that caseworkers can create deductions on cases. This includes configuring deduction types, configuring deduction information for benefit products, and associating deduction types with benefit products. When a deduction is created on a case, it inherits this preconfigured information.

Configuring products for deductions

Benefit products have three financial settings that are configured for deduction processing: maximum deduction rate, minimum deduction amount, and minimum payment amount. These settings allow limits to be set on the total deduction amount that can be deducted from payments issued for the benefit product.

Setting the maximum deduction rate

All benefit products allow a maximum deduction rate to be specified. This is the maximum percentage of a benefit payment that is allowed to be deducted. For example, if the maximum deduction rate is set to 30, 30% is the most that can be taken from the total benefit payment. The total amount of all deductions set up on the case cannot be greater than this percentage. Any deduction that causes the percentage to go above the maximum deduction rate set for the product will not be set.

A user can override the maximum deduction rate set for a product on a case-by-case basis.

Setting the minimum deduction rate

A minimum deduction can be configured for all benefit products. This is the minimum amount of money that the system can deduct from the total benefit payment issued for the case. Deductions cannot be processed if they fall below this minimum amount. For example, if the minimum deduction amount is 10, a deduction cannot be processed against the case for less than $10. Setting the minimum deduction amount prevents the issuing of small payments to third parties who may prefer to receive multiple deductions that are rolled up into one payment in order to simplify financial processing.

Setting the minimum payment amount

A minimum payment amount can be configured for all benefit products. This is the minimum amount of money that a participant must receive after all deductions have been deducted from the total benefit payment. Deductions that cause the benefit payment amount to fall below the minimum payment amount cannot be processed. For example, if the minimum payment amount is $40 and the total benefit payment will fall to $30 if a particular deduction is processed, the deduction will not be processed. Setting the minimum payment amount ensures that a participant receives an adequate amount of benefit in the event that multiple deductions are processed against the case.

Configuring deduction types

Deduction types are the templates on which deductions that are created on cases are based. Deduction types are used to create customized deductions on a person's case in the Case Manager. You can configure generic information for each deduction type.

Setting the deduction type name and category

Configure a unique deduction name for each deduction type and specify a deduction category. The name describes what the deduction is used to pay. Examples of deduction names include tax, gas, electricity, and child support order.

Deduction names are code table values. The deduction category describes the group to which the deduction belongs. There are three deductions categories: applied, un-applied, and third party.

To create a deduction on a case, a deduction category must be selected. Only deductions that belong to the selected category can be created against the case. For example, if a deduction has a category of "third party", then only deductions belonging to the third party category are displayed for selection when a user creates a third party deduction on the case.

It is important to note that deduction categories available at the case level must first be configured as part of deduction administration. If a user attempts to create a deduction of a specific category which has not been configured, then no deductions will be available.

Setting limits for deduction amounts

You can apply limits to the deduction amounts that a user can enter when they create a deduction on a case. The limits are based on whether the deduction amount is fixed or variable.

A fixed amount is a set amount of money that is deducted from a participant's benefit payment. For example, a court may order $20 of participant's unemployment insurance payment to be deducted and used to pay off child support owed by the participant. Variable amounts are calculated as percentages. A percentage of a participant's benefit payment is deducted from his or her total benefit amount or a component of the benefit. For example, you can set up a 10% state defined income tax as a deduction on a participant's unemployment insurance payments.

Setting limits for fixed and variable deductions
Deduction types have two settings that apply to both fixed and variable deductions. The first setting is used to configure a maximum deduction amount.

For fixed deductions, this is the maximum amount of money that can be specified when creating this type of deduction on a case. For example, if the maximum amount for a fixed deduction is set to 50, a deduction cannot be created for greater than $50.

For variable deductions, this is the maximum amount of money that a percentage-based deduction can be evaluated to during payment processing.

If the maximum deduction amount for a variable deduction is set to 50, $50 is the maximum amount that a percentage based deduction can be evaluated to during payment processing.

The second setting is used to set a minimum deduction amount. For fixed deductions, this is the minimum amount of money that can be specified when creating a deduction. For example, if the minimum amount for a fixed deduction is set to 30, a deduction cannot be created for less than $30.

For variable deductions, this is the minimum amount that a percentage based deduction can be evaluated to during payment processing. For example, if the minimum amount is set to 30, $30 is the minimum amount that a percentage based deduction can be evaluated to during payment processing.

Setting the default amount for fixed deductions

Specify default amounts for deduction types. A default amount is the standard rate for a deduction of this type.

For example, if the default amount is set to 20, $20 is the standard rate allowed for this deduction type. When a deduction is created for a case, the default amount field is automatically populated with this value. Setting a default amount eliminates the need to enter an individual amount for each deduction that is based on this deduction type.

Percentage settings for variable deductions

You can use two percentage settings for variable deductions.

The first setting allows a user to specify a maximum percentage that is deducted from a benefit payment when this type of deduction is created on a case. This is the maximum percentage that can be specified when creating this type of deduction on a case. For example, if the maximum percentage amount is set to 5, the percentage specified when this type of deduction is created on a case cannot be more than 5%.

The second setting is used to set a default percentage value that is deducted from a benefit. For example, if the default percentage is set to 20%, this is the standard percentage of the benefit that is deducted from the total benefit payment for this type of deduction. When a deduction is created on a case, the default percentage field is automatically populated with this value. Setting a default percentage eliminates the need to manually enter a percentage for deductions that are based on this type of deduction.

Prioritizing deduction types

You can configure the priority of a deduction type. The priority indicates the order in which the deduction type will be processed when a payment is generated for the case.

Deductions are prioritized by the organization in order of importance. For example, it may be more important to process a deduction that is used to pay housing costs than a deduction that is used to repay a liability owed to the organization.

When a new deduction type is created or updated, a sequencing function reads the priority of the new deduction type and compares it to the priorities of any previously created deduction types. Based on this comparison, the sequencing function automatically increases or decreases any existing priorities as necessary. This ensures that all existing priority settings are in sync with the new priority.

For example, there are two deduction types. The priority of the first deduction is set to 1. The priority of the second deduction is set to 2. A new deduction type is created and its priority is set to 1. The system automatically re-prioritizes the priorities of the first and second deductions. The priority of the new deduction is 1, the priority of the first deduction is 2 and the priority of the second deduction is now 3.

All deduction types have an option to automatically assign a priority to the deduction type. Using this option eliminates the need to manually enter a priority. The deduction type will automatically be assigned the next available priority by the system, that is, a priority that is not already being used by another deduction type.

Preventing overlapping deductions

By default, overlapping deductions are allowed on a case. This means that more than one deduction of the same type covering the same time period can be activated on a case.

For example, a third party deduction used to deduct electricity payments can be added multiple times to a product delivery case with overlapping start and end dates.

Configuration is available which allows the agency to prevent overlapping deductions. This can be configured per deduction for a particular product only, or for all products which use that deduction. If a deduction has been configured to not allow overlapping deductions, a validation will be displayed if a user tries to activate a deduction which already exists on the case for an overlapping time period. This can be configured for all categories of deductions (applied, unapplied and third party).

Configuring participant types

You can define the participant types that are available for selection as part of the create applied and third party deduction processing.

The available participant types are person, employer, external party, product provider, information provider, service supplier and utility.

When setting up an applied deduction, the user can choose whether to apply an active liability for an existing case member or another participant. The same facility is also available when creating a third party deduction, where the user selects which third party payee is to receive the deducted amount.

An organization may wish to restrict the participant types available for selection. For example, an organization may not support the management of liabilities in respect of certain participant types, such as an external party office. It may also wish to restrict which third parties can receive deductions. For example, it may wish to only make deductions on behalf only those utilities that support the health & safety of its clients by ensuring a continuing water or gas supply for the period that the deductions are being made.

Configuring processing for deduction types

If there is an insufficient amount remaining on the benefit to process the full deduction amount for a deduction type, you can configure an appropriate action to occur.

If there is an insufficient amount remaining on the total benefit payment, you can configure an action that prevents the deduction from occurring at all. Alternatively, a user can specify that part of the deduction be taken from the benefit amount that is available.

For example, if a $30 deduction cannot be applied to a benefit because there is only $20 left on the benefit payment to deduct from, an action can be set to allow $20 to be deducted from the available amount to cover part of the deduction.

Associating a deduction type with a product

You must associate a deduction with a benefit product before it can be created on cases that are based on that product. This ensures that only certain types of deductions can be created on certain benefit cases.

For example, if a deduction type is associated with an income support product, it can be created on any income support product deliveries provided by the organization. If a deduction type is not associated with a product, it cannot be created on cases based on that product.

A user has the option to associate one or more existing deduction types with a product or create a new deduction type for the product. If a new deduction type is created, it is automatically associated with that product and is also available to later associate with other products.

Prioritizing deduction types associated with a product

Automatic prioritizing occurs when a deduction type is associated with a product. When a deduction type is associated with a product, the system automatically increases or decreases the priorities of any other associated deduction types that share the same priority as the new deduction type. This eliminates the need for a user to manually update the priority of each deduction type.

The priority of an associated deduction type can also be manually changed by a user. Changing the deduction priority will also cause the sequencing function to increase or decrease the priorities of any other deduction types associated with the same product.

If the deduction type is already being used against payments issued on a case, changing it's priority will not affect the priorities of existing deductions on the case. The changed priority will only come into effect when future deductions are created on the case.

Configuring overlapping deductions associated with a product

When a deduction type is associated with a product, it inherits the information that was configured as part of deduction configuration, including whether overlapping deductions are allowed on a case. This value can be subsequently changed by a user.

If configured to allow for overlapping deductions, more than one deduction of the same type covering the same time period can be activated on a case.

If configured to prevent overlapping deductions, a validation will be displayed if a user tries to activate a deduction which already exists on the case for an overlapping time period.

If the deduction type is already being used against payments issued on a case, changing this value will not affect existing deductions on the case. The change will only come into effect when future deductions are created on the case.

1.3 Maintaining deductions on a case

As a caseworker, you can maintain deductions on a case-by-case basis. Deductions that are maintained on a case are instances of deduction types that apply to a particular case.

Deductions cannot be deducted from case payments unless you create them on the case itself. You can set up one or more deductions on an individual case as required.

Creating deductions on a case

An overview of the process of creating deductions on a case. The process begins with the caseworker selecting the deduction category. This determines how the deduction amount is processed, that is, whether or not it is applied to a liability or issued to a third party recipient.

The information that is entered for the new deduction is dependent on the deduction category. For example, third party deductions require third party account information.

The deduction amount must be entered for all new deductions. It can either be a fixed amount or based on a variable rate. The time period during which the deduction is effective must be defined and the priority in which the deduction is processed must be set.

Selecting the deduction category

Caseworkers can select the deduction category to determine the use of the deduction once it has been subtracted from the benefit payment. Options are available to create an applied, un-applied or third party deduction.

Un-applied deductions are refunds to the agency and therefore directed towards the agency's account. During the un-applied deduction creation process, general information is recorded which can be used at a later time. Applied deductions are applied toward a liability. During the applied deduction creation process, the user selects the participant whose liability the deduction is to be applied toward, as well as the name of the liability (relevant only when the participant has more than one outstanding liability).

Third party deductions are issued to third parties. During the third party deduction process, the user specifies the third party participant who is to receive the deduction amount. Third party account information must also be recorded: this includes the third party account number and a reference number which provides a record of the relationship between the third party and the deduction.

Entering a fixed deduction amount

Caseworkers can enter a fixed amount for all deductions (that is, across all deduction categories). This is the set amount of money that is deducted from the benefit payment. For example, $20.

The default value of this amount is inherited from the deduction type that was configured as part of deduction administration. This amount can be subsequently changed by a user.

The amount that is specified cannot exceed the maximum or minimum deduction amount that was configured for the deduction type during system administration. For example, if the maximum amount for the deduction type is 50, a user cannot enter an amount that is greater that 50.

As part of entering the fixed amount, one of the nominee's in receipt of the benefit must be selected. The fixed amount will be deducted from that nominee's payment only. The nominee can be the primary client or another person, employer, or representative who is nominated by the primary client to receive the benefit on his or her behalf.

For example, a case has two nominees: Linda Smith and John Smith. Linda Smith is the primary client and receives the Maximum Dependent Child component for $50. John Smith is the second nominee on the case and receives the Maximum Personal Benefit component for $100. A deduction is created on the case and John Smith is selected as the nominee from whose payment the deduction is made. Then the payment is generated for the case, the $30 deduction is processed and taken from John Smith's payment; John Smith is thus issued $70.

Entering a variable deduction rate

Rather than entering a fixed amount, the deduction amount can be based on a variable rate. Variable deductions are based on a percentage that is deducted from the benefit payment.

The variable deduction must be assigned to either a nominee or case component. If assigned to a nominee, then the percentage is applied toward the nominee's benefit payments to determine the deduction amount. If assigned to a component, then the percentage is applied toward the benefit paid out for the case component to determine the deduction amount.

Percentage

This is the percentage of the participant's payment that is to be deducted from the total payment amount. The value of this percentage is initially inherited from the deduction type that was set up for this deduction during system administration.

Assigning a variable deduction to a component

Caseworkers can assign a variable deduction to a specific component. This indicates that you want to deduct from the part of that payment that is issued for the component. For example, 28% of the 'maximum personal benefit/ component can be deducted from the total benefit payment.

If a deduction is assigned to a component, the nominee who receives the payment associated with that component will receive a reduced amount. The deduction amount is calculated based on a percentage of the specified component. This amount is then deducted from the payment issued for the component.

For example, a case has two components associated with it: Maximum Personal Benefit for $100 and Maximum Dependent Child for $50. John Smith receives the Maximum Personal Benefit and Linda Smith receives the Maximum Dependent Child component. A 10% variable deduction is assigned to the Maximum Personal Benefit component. When a benefit payment is issued for the case, John Smith's part of the payment will be reduced by 10% and he will receive $90. Linda Smith's part of the payment will remain the same.

It is possible to select neither a component nor nominee for the deduction. If neither a component nor a nominee are selected, the deduction is processed depending on the number of components and nominees on the case. If there is only one component and one nominee, that is, the primary client, then the deduction is taken off that one component.

If there is more than one nominee on the case, and no nominees or components are selected for the deduction, a percentage of each nominee's payment is taken to cover the deduction. For example, John Smith is eligible for Max Personal Benefit of $100 and Linda Smith is eligible for Max Dependent Child Benefit of $10. A variable deduction is entered for 10%. John Smith's part of the payment is reduced by 10% and he will receive $90. Linda Smith's part of the payment is also reduced by 10% and she will receive $9.

Assigning a variable deduction to a nominee

You can assign a variable deduction to a specific case nominee or to all case nominees. For example, John Smith and Linda Smith are nominees for a case. You can assign a variable deduction to John Smith, to Linda Smith, or to them both.

When a variable deduction is assigned to a specific nominee, the deduction percentage is applied to the total amount of payment received by the nominee. For example, James Smith is assigned to the Maximum Personal Benefit component and the Maximum Dependent Child component for a case. A 20% variable deduction is assigned to James Smith. When a benefit payment is issued for the case, John Smith's total payments (for both components) are reduced by 20%.

When a variable deduction is assigned to all nominees, a percentage of each nominee's payments covers the deduction. For example, a variable deduction is created on a case and neither a nominee nor a component is selected. This means that the variable deduction rate will be applied to all nominee payments. John Smith receives the Maximum Personal Benefit component for $100 and Linda Smith receives the Maximum Dependent Child component for $50. The total benefit payment is $150. A 20% variable deduction is created on the case.

20% of $150 = 30%

20% of John Smith's payment = $20

20% of Linda Smith's payment = $10

Therefore, $30 is deducted from the total benefit payment.

Defining deduction time periods

Deduction time periods are the dates over which a deduction is effective. All deductions have a start date and an end date. The start date indicates the date the deduction is scheduled to commence on the case. The end date is the date on which the deduction is due to end.

The start date of a deduction cannot be later than the case expected end date for the related benefit case. For example, if the expected end date on the related benefit case was May 23rd, a deduction cannot start on May 24th. The benefit case is due to be closed on this date and thus, no payment and no deductions can be made from that payment.

Setting the deduction priority

The deduction priority dictates the order in which the deduction is processed when payments are generated for the case. You change the deduction priority on a case-by-case basis.

The deduction priority is inherited from the deduction type that was associated with the product during system administration. Changing the priority may impact the priorities of any other deductions created on the case. For example, if a deduction has a priority of 3 and a user changes this priority to 1, the new priority will be stored and a sequencing function will automatically increase or decrease the priorities of any other deductions associated with the case. The system automatically updates duplicate priorities to prevent the user from having to manually update each priority.

It is important that you understand the effect that changing a priority has on other deductions. The more a priority decreases in order of importance, the more likely it is that there may not be a sufficient amount left on the benefit payment to process the full deduction amount once all other deductions are subtracted. You can also automatically assign a priority to a deduction. The system will automatically assign the deduction the next available priority, that is, a priority that is not already in use by another deduction. Two deduction cannot have the same priority when assigning deductions to a nominee from the primary client's case.

Note that if a tax adjustment is set for the product governing the case, the tax adjustment is applied to the payments before any deductions are applied.

Summary of deduction settings

The following table provides a summary of the deduction settings that are available to the deduction types.

Table 1: Deduction settings available to deduction types

This table describes the information that is recorded for different deduction types.

Deduction type	Fixed or variable	Assigned to
Un-Applied	Fixed	Single nominee only
Un-Applied	Variable	Single nominee, all nominees, component, or neither
Applied	Fixed	Single nominee only

Deduction type	Fixed or variable	Assigned to
Applied	Variable	Single nominee, all nominees, component, or neither
Third Party Deduction	Fixed	Single Nominee Only
Third Party Deduction	Variable	Single nominee, all nominees, or component

Activating a deduction

Deductions that are created on a person's case must be activated before they can be processed. Activating a deduction instructs the system to create a financial schedule for the deduction amount that was entered by the caseworker when the deduction was created.

Assuming a person is still entitled to the benefit, the system creates the appropriate deduction financial component to deduct from the payment. An activated deduction is processed from its start date and then deducted from the participant's benefit.

As a caseworker, you can activate deductions during the deduction creation process or else activate them at a later time. This provides flexibility in deciding when to create the financial schedule for the deduction which is especially useful when a deduction is due to start from a future date.

Deactivating a deduction

An activated deduction can be deactivated. Deactivated deductions are no longer processed when payments are generated for a case. You might decide to deactivate active deductions to ensure that only deductions with a higher priority are processed.

For example, if you notice that all deductions cannot be processed because there is an insufficient amount left on the benefit payment, you can deactivate less important deductions.

Overriding the maximum deduction rate

You can override the maximum deduction rate for a benefit product that your system administrator specified.

Overriding the maximum deduction indicates that, for the purpose of this case, you want to ignore the maximum percentage that can be deducted from a benefit payment.

For example, there are three deductions created on a case: rent, gas, and electricity. Processing the electricity will result in the total deduction amount exceeding the maximum rate defined for the product. A user and a participant might agree to let the electricity deduction be processed. To cater for this, the maximum deduction rate can be overridden.

Canceling a deduction

You can manually cancel all deductions. A deduction cannot be canceled if it is has already been deducted from a benefit payment.

If you want to prevent future deductions from being made on a benefit payment, you must change the end date of the deduction to the last payment date for the case.

Viewing deductions

An overview of the available options for viewing deductions. A deduction appears in the list of case deductions. It also appears in a person's list of deductions, that person being the primary client of the case. There are also separate lists of deductions at the case level that are filtered according to the deduction type.

You can view the specific details of a deduction. This includes information common to all deduction types as well as information specific to a deduction type. You can also view a deduction history which shows the status changes of a deduction.

Viewing case deductions

Each time an applied, un-applied, or third party deduction is created on a case, the deduction record is added to the case list of deductions. For example, if an applied electricity deduction is created, a record of the deduction is added to the list of case deductions. The list displays the name of the deduction, the deduction priority, amount, and percentage. The list also displays the status of the deductions, that is, active or in-active.

Separate views are also provided for a case's list of active and canceled deductions, a case's list of applied and un-applied deduction, and a case's list of third party deductions. Each view also displays deductions that were active for a past period. The information that is maintained for each of these separate views is filtered so that only information specific to that category is available at the required level.

In addition, a running history of all related changes made to deductions is also available. This provides details of all the relevant deduction transactions on the same page, including when the deduction was created, activated, processed and canceled.

Viewing person deductions

Each time a deduction is created on a case, the deduction record is added to the person's list of deductions, that person being the primary client of the case. This allows a user to see a list of deductions that are scheduled to occur across all cases where the person is the primary client. The deduction list displays all applied, un-applied, and third party deductions for the person.

Viewing deduction details

A deduction record can be viewed from any of the deduction lists. There is common information displayed for all deduction types. There is also information displayed specific to the deduction type.

The common information displayed for each deduction is the deduction name, nominee, start date, end date, deduction amount, date created, action type, priority, component, percentage, status, and business status.

An applied deduction also includes the name of the liability client and the liability case ID. A third-party deduction also includes the third party account name. Un-applied deductions do not include additional information.

Viewing the deduction history

A deduction history is automatically maintained for all deductions. It records payment processing for a deduction throughout its lifetime and is automatically updated when a user creates, activates, or de-activates a deduction. The deduction history is also updated during deduction processing. For example, if a deduction is not processed because there is an insufficient amount remaining on the benefit, the system updates the deduction history with a record of the skipped deduction.

Every time that the system detects an instance of processing for a deduction, the deduction is added to the history. The history displays a record of the deduction, the date the history was updated, and the status of the deduction. If the deduction has been processed, payment details are also displayed.

Additionally, the history also displays details of liabilities related to applied deductions, such as any outstanding amounts on a liability as well as the original liability amount. The deduction history allows you to track the progress of a deduction from the time it is created to the time it is processed.

Deduction statuses

Each deduction on a case has a status which describes its progress. The following table describes each deduction status. There are five deduction statuses: in-active, active, processed, skipped, and canceled. Each status changes during deduction processing.

Table 2: Deduction processing statuses

This table describes the deduction processing statuses.

Status	Description
In-active	A deduction status is In-active when the deduction is first created on the system.
Active	A deduction status is Active when the deduction is activated.
Processed	A deduction status is Processed when the deduction is processed by the system.
Skipped	A deduction status is Skipped when a deduction cannot be processed because there is an insufficient amount remaining on the benefit to cover the total deduction amount.
Canceled	A deduction is Canceled if the deduction is deleted from the system.

Deduction processes that raise workflow events

The application allows your organization to map workflow events to custom workflow functionality. Use this information to learn about the workflow events that can be mapped to a custom workflow process.

Workflow events facilitate your organization in adding its own business logic to the business process. Once a workflow event is mapped to a custom workflow process, when the business process completes, the workflow event is raised and this triggers the functionality in the custom workflow process to begin.

The following business processes raise workflow events.

- **Activate Deduction**
  A workflow event is raised when a deduction is activated.
- **Deactivate Deduction**
  A workflow event is raised when a deduction is deactivated
- **Create Deduction**
  A workflow event is raised when a deduction is created.
- **Modify Deduction**
  A workflow event is raised when a deduction is modified.
- **Expire Deduction**
  A workflow event is raised when a deduction has naturally expired. A deduction naturally expires on the last date it is effective.
- **Skip Deduction**
  A workflow event is raised when a deduction is skipped.
- **Cancel Deduction**
  A workflow event is raised when a deduction is canceled.
- **Pay Off Liability**
  A workflow event is raised when a deduction has fully paid off the balance of a liability.
- **End Participant**
  A workflow event is raised when a participant that is receiving a third party deduction ends

For more information on about workflow functionality,.

1.4 Processing case deductions

An overview of simulating payments and the financial processing that occurs when deductions are processed on the system.

Simulating payments

Benefit payments and associated deductions that are active and/or pending closure can be simulated online. Simulating a payment you to see all payments and deductions due to a participant for a specific date before the payment is issued. The system also displays the reducing balance of the total benefit payment minus any deductions per case component. Any tax

adjustments defined for the product will be simulated and applied to the benefit payment before any deductions are processed.

When a payment is simulated, the system retrieves the financial components created when the case was activated, or last re-assessed, and rolls then forward until the date entered by the user is reached. It generates a simulation of the payment for that week or for the delivery period of the case and displays nominee details for the cover period. The system also calculates the amount, cover period, and effective date of the payment. A deduction will be skipped and will not appear in the simulation if the maximum deduction rate will be exceeded, the minimum deduction rate has not been reached, or if the deduction amount is zero.

If the system detects activated deductions on the case, these deductions are applied to the financial components and both the reducing payment amount and the final payment amount are displayed. If no activated deductions exist, the system only displays the payments due on that date. If a deduction cannot be made, the reason why is displayed.

Simulating a payment optimizes deduction processing by allowing a user to see which deduction will be processed over a given period. If you are not satisfied with a deduction that is due for processing or the order of the deduction, the deduction can easily be modified to achieve the desired result.

You can also save and store payment simulations. This allows you to compare the effects of each simulation, along with any tax that has been initially taken from the benefit.

Generating payments for a case

Payments are generated when the primary client is found to be eligible for a case component and the case is activated. Deductions and payments are processed at the same time.

When the case is activated, the system creates a financial component which defines the amount, delivery method, frequency, and period for which a payment or bill is issued as well as the nominee who will receive the payment or bill. During this processing, a total deductible amount is calculated for each nominee who is to receive a payment on the case. This is the total amount that can be deducted from a payment issued to the nominee. This calculation excludes case components that cannot be deducted from, any minimum client payments, and the maximum deduction rate configured for the product at administration.

The system retrieves any active deductions set up against the case and processes each deduction in turn. Each deduction is processed against the reducing balance of the total deductible amount calculated for the nominee.

Deduction amounts are calculated for percentage-based deductions and validated against the limits that were set for the deduction during system administration. If the limits are exceeded, or there is insufficient benefit to cover a particular deduction, the appropriate action is taken based on the processing action specified for the deduction type at administration. Deductions that cannot be processed are skipped. Processed deductions are deducted from the payment issued to the nominee. A deduction history record is created every time a deduction is processed or skipped.

For more information on financial processing, .

1.5 Maintaining third-party payments

If a participant is in receipt of payments from third-party deductions and their participant account is closed, a workflow event is raised which notifies you to end the deductions. You can also cancel and regenerate third-party payments.

Informing users when a third-party account ends

When closing a participant account, the system checks to see if that participant is the recipient of payments from a currently active third party deduction. If so, the system informs the user who is closing the participant account that the participant is in receipt of a third-party payment.

For product provider, service supplier, information provider and utility participants, the informational is displayed when the user enters an end date on the modify participant pages. For person participants, the informational is displayed when a date of death is entered. For employer participants, the informational is displayed when the trading status is set to Cease Trading or Liquidated.

In addition to informing the user, the system raises a workflow event. A sample workflow has been mapped to this event which sends a task to the case supervisor for each of the deductions being paid to the third-party participant. The task contains a link to use to end the deductions.

Canceling and regenerating third-party payments

You can cancel and regenerate third-party payments. Third-party payments are issued as a result of third-party deductions. When canceling a payment, the reason for canceling the payment is specified, for example, Issued in error.

You can regenerate canceled payments. Regenerating a payment re-issues the canceled payment to the third party as per the original transaction. This ensures that the original nominee receives the payment owed to them by the organization.

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