



CSSD Policy			
Subject:	Processing Lump Sum Payments	Number:	2008-40
Approval Date:		Pages:	
Approved by:	Benidia A. Rice, Director	Revision	FINAL

- I. **PURPOSE:** To establish procedures for the processing of lump sum payments received from a non-custodial parent's wages.

- II. **AGENCY IMPACT:** This policy will impact all units of CSSD but will have particularized impact on the following sections/units: Wage Withholding.

- III. **REFERENCES:** 15 U.S.C §1673 (b), Consumer Credit Protection Act (CCPA); 45 C.F.R. § 303.100 Procedures for Income Withholding; 42 U.S.C § 666 Requirement of Statutorily Prescribed Procedures to Improve Effectiveness of Child Support Enforcement; D.C. Official Code §46-208, Withholding; D.C. Official Code § 46-212, Holder's Duty To Withhold and Make Payments; D.C. Official Code §46-217, Limitations and Priorities.

- IV. **DEFINITIONS:**
 - a. Lump Sum Payment: a payment of income that is received in a large single amount and at one time, as opposed to on a revolving salaried basis. In most instances the payment comes in the form of a bonus or other type of employer incentive payment. It may also be received by way of a commission or severance payment.

 - b. Income Withholding Order (IWO): The Federally mandated form used by IV-D agencies for withholding income from obligors in child support cases.

- V. **INQUIRIES:** For all inquiries please contact the Policy & Training Section (202) 724-2131; or the Wage Withholding Unit (202) 724-1532.

- VI. **POLICY:**
 - 1) The CSSD Wage Withholding Unit will respond to any and all notices received from employers indicating that an obligor is due to receive a lump-sum or bonus payment.

 - 2) CSSD will endeavor to garnish all lump sum payments received by obligors if the payment is \$250 or greater.

- 3) All lump sum payment withholdings shall be processed using the Federally approved IWO.
- 4) A separate IWO shall be used for each lump sum payment that is being garnished from the obligor.
- 5) Upon receiving notification from an employer regarding the pending payment of a lump sum, the CSSD Wage Withholding Unit shall process an IWO for garnishment or provide other appropriate response to the employer within five (5) business days.
- 6) The CSSD Wage Withholding Unit shall complete the **ONE TIME LUMP SUM PAYMENT** section of the IWO with the requested lump sum payment amount.
- 7) The amount requested shall include the total amount of arrears owed by the obligor.
- 8) The amount ultimately withheld by the employer shall not exceed the limits imposed by the Consumer Credit Protection Act (CCPA) or the limits imposed by the State of the obligor's principal place of employment (if those limits are less than those of the CCPA).

VII. PROCEDURES:

- 1) A Wage Withholding Specialist shall review the notification regarding the lump sum payment that is received from the employer.
- 2) Based on the case information provided on the documentation, the Specialist shall review the case **OBLIGATION SUMMARY SCREEN** in DCCSES to determine the amount of the lump sum to be requested.
- 3) Once the amount has been determined, the Specialist shall generate the IWO from DCCSES. The Specialist shall complete the One-Time Lump Sum Payment section of the IWO and enter the amount to be withheld in the allotted space on the IWO.
- 4) The order is stamped, signed and dated using official OAG/CSSD stamp.
- 5) On the CSSD Case Actions Screen in DCCSES, the Specialist shall enter the **Action Code LWM- Lump Sum IWO Mailed** to reflect the date the IWO is mailed.
- 6) The IWO is forwarded to the mail room to be mailed to the employer within one (1) business day:

7) A copy of the IWO is sent to the File Room for scanning into the CSSD case file.

INCOME WITHHOLDING FOR SUPPORT

- ORIGINAL INCOME WITHHOLDING ORDER/NOTICE FOR SUPPORT (IWO)
- AMENDED IWO
- ONE-TIME ORDER/NOTICE - LUMP SUM PAYMENT
- TERMINATION of IWO

Date: _____

Child Support Enforcement (CSE) Agency Court Attorney Private Individual/Entity (Check One)

NOTE: If you receive this document from someone other than a State or Tribal Child Support Enforcement agency or a court, a copy of the underlying order that contains a provision authorizing income withholding must be attached. Or if under State law an attorney in that State, or if under Tribal law a Tribal legal representative, may issue an income withholding order, the attorney or Tribal legal representative must include a copy of the State or Tribal law authorizing the attorney or Tribal legal representative to issue an income withholding order.

State/Tribe/Territory _____ Case Identifier _____

City/County/Dist./Tribe _____ Order Identifier _____

Private Individual/Entity _____

_____ RE: _____	
Employer/Income Withholder's Name First, MI) _____	Employee/Obligor's Name (Last, _____
Employer/Income Withholder's Address Security Number (if known) _____	Employee/Obligor's Social _____
_____ (Last, First, MI)	Custodial Party/Obligee's Name _____
Employer/Income Withholder's Federal EIN _____	
Child's Name (Last, First, MI) _____	Child's Birth Date _____
_____	_____
_____	_____

_____	_____
_____	_____
_____	_____

ORDER INFORMATION: This document is based on the support or withholding order from _____.

You are required by law to deduct these amounts from the employee/obligor's income until further notice.

\$ _____ Per _____ current child support
\$ _____ Per _____ past-due child support - Arrears greater than 12 weeks? Yes No
\$ _____ Per _____ current cash medical support
\$ _____ Per _____ past-due cash medical support
\$ _____ Per _____ current spousal support
\$ _____ Per _____ past-due spousal support
\$ _____ Per _____ other (must specify)

for a total of \$ _____ per _____ to be forwarded to the payee below.

AMOUNTS TO WITHHOLD: You do not have to vary your pay cycle to be in compliance with the *Order Information*. If your pay cycle does not match the ordered payment cycle, withhold one of the following amounts:

\$ _____ per weekly pay period \$ _____ per semimonthly pay period (twice)
\$ _____ per biweekly pay period (every two weeks) \$ _____ per monthly pay period

\$ _____ **ONE-TIME LUMP SUM PAYMENT** Do not stop any existing IWO unless you receive a termination order.

REMITTANCE INFORMATION: If the employee/obligor's principal place of employment is _____, you must begin withholding no later than the first pay period that occurs _____ days after the date of _____. Send payment within _____ working days of the pay date. If you cannot withhold the full amount of support for any or all orders for this employee/obligor, withhold up to _____% of disposable income for all orders. If the employee/obligor's principal place of employment is not _____, see the **ADDITIONAL INFORMATION FOR EMPLOYERS AND OTHER INCOME WITHHOLDERS** for limitations on withholding, applicable time requirements and any allowable employer's fees.

For EFT/EDI instructions, contact the EFT/EDI office at the website listed below. **If paying by check, make check payable to:**

_____. **Include this Remittance Identifier with payment:** _____ **Send check to:**

FIPS code (if necessary): _____

Signature (if required by State or Tribal law): _____

Print Name: _____

Title of Issuing Official:

If checked, you are required to provide a copy of this form to the employee/obligor. If the employee/obligor works in a State or for a Tribe that is different from the State or Tribe that issued this order, a copy must be provided to the employee/obligor even if the box is not checked.

ADDITIONAL INFORMATION FOR EMPLOYERS AND OTHER INCOME WITHHOLDERS

State-specific information may be viewed on the OCSE Employer Services website located at: <http://www.acf.hhs.gov/programs/cse/newhire/employer/contacts/contacts.htm>

Priority: Withholding for support has priority over any other legal process under State law (or Tribal law if applicable) against the same income. If a Federal tax levy is in effect, please notify the contact person listed below.

Combining Payments: You may combine withheld amounts from more than one employee/obligor's income in a single payment to each agency/party requesting withholding. You must, however, separately identify the portion of the single payment that is attributable to each employee/obligor.

Reporting the Pay Date: You must report the pay date when sending the payment. The pay date is the date on which the amount was withheld from the employee/obligor's wages. You must comply with the law of the State (or Tribal law if applicable) of the employee/obligor's principal place of employment with respect to the time periods within which you must implement the withholding and forward the support payments.

Employee/Obligor with Multiple Support Withholdings: If there is more than one Order/Notice against this employee/obligor and you are unable to fully honor all support Orders/Notices due to federal, State, or Tribal withholding limits, you must follow the State or Tribal law/procedure of the employee/obligor's principal place of employment. You must honor all Orders/Notices to the greatest extent possible, giving priority to current support before payment of any past-due support.

Lump Sum Payments: You may be required to report and withhold from lump sum payments such as bonuses, commissions, or severance pay. Contact the agency or person listed below to determine if you are required to withhold or if you have any questions about lump sum payments.

Liability: If you have any doubts about the validity of the Order/Notice, contact the agency or person listed below. If you fail to withhold income as the Order/Notice directs, you are liable for both the accumulated amount you should have withheld from the employee/obligor's income and any other penalties set by State or Tribal law/procedure.

Anti-discrimination: You are subject to a fine determined under State or Tribal law for discharging an employee/obligor from employment, refusing to employ, or taking disciplinary action against an employee/obligor because of a child support withholding.

Withholding Limits: You may not withhold more than the lesser of: 1) the amounts allowed by the Federal Consumer Credit Protection Act (CCPA) (15 U.S.C. 1673(b)); or 2) the amounts

allowed by the State or Tribe of the employee/obligor's principal place of employment. Disposable income is the net income left after making mandatory deductions such as: State, Federal, local taxes, Social Security taxes, statutory pension contributions and Medicare taxes. The Federal limit is 50% of the disposable income if the obligor is supporting another family and 60% of the disposable income if the obligor is not supporting another family. However, that 50% limit is increased to 55% and that 60% limit is increased to 65% if the arrears are greater than 12 weeks. If permitted by the State, you may deduct a fee for administrative costs. The support amount and the fee may not exceed the limit indicated in this section.

Arrears greater than 12 weeks? If the *Order Information* does not indicate whether the arrears are greater than 12 weeks, then the employer should calculate the CCPA limit using the lower percentage.

For Tribal orders, you may not withhold more than the amounts allowed under the law of the issuing Tribe. For Tribal employers who receive a State order, you may not withhold more than the lesser of the limit set by the law of the jurisdiction in which the employer is located or the maximum amount permitted under section 303(d) of the CCPA (15 U.S.C. 1673 (b)).

Depending upon applicable State law, you may need to take into consideration the amounts paid for health care premiums in determining disposable income and applying appropriate withholding limits.

Additional Information:

NOTIFICATION OF TERMINATION OF EMPLOYMENT: You must promptly notify the Child Support Enforcement agency and/or the person listed below by returning this form to the correspondence address if:

- This person has never worked for this employer.
- This person no longer works for this employer.

Please provide the following information for the terminated employee:

Termination date: _____ Last known phone number:

Last known home address:

Date final payment made to the State Disbursement Unit or Tribal CSE agency: _____

Final payment amount: _____

New employer's name:

New employer's address:

CONTACT INFORMATION

To employer: If the employer/income withholder has any questions, contact

_____ by phone at _____, by fax at _____,
by email or website at:

Send termination notice and other correspondence to:

To employee/obligor: If the employee/obligor has questions, contact

_____ by phone at _____, by
fax _____, by email or website at
