

APA Day One: Getting child support withholding right the first time

“Aren’t kids wonderful?” asked Larry White, CPP, director of payroll training at the American Payroll Association. White led a panel, which also included Pat McQuiller, CPP, associate director at AT&T Services Inc., and Cynthia Holdren, employer services specialist at the federal Office of Child Support Enforcement. The panel discussed the ins and outs of child support withholding orders.

The ABCs of child support withholding

Your goal, according to McQuiller, is to have seamless implementation of child support withholding orders. In order to do that, you need to think of implementation as two distinct processes.

- **Process flow:** Who sent you the order—a court or an attorney for a custodial parent? If you received an income withholding order (IWO) from an attorney or collection agency, you must also receive a copy of the underlying child support order. This can be divorce decree, McQuiller pointed out.
- **Validation:** Is the order valid? Child support withholding orders are *not* valid, and you must reject them and return them to the sender, if they’re not official IWOs, they don’t contain a dollar amount for you to withhold, you’re directed to remit the amounts withheld to an entity that isn’t the state disbursement unit or the form is altered.

Pitfalls in child support withholding

Holdren drew attendees’ attention to the check box on page two of the IWO, which directs you to provide a copy of the IWO *only* if the box is checked or you receive an IWO from another state. There may be issues you’re not aware of, like domestic abuse, Holdren cautioned, so don’t just dole them out to employees.

White reviewed the rules that apply when you receive multiple orders against the same employee. Most states require you to prorate the amounts to withhold, White said, but at least two states require you to divide the amounts equally among all orders.

He also reviewed the rules for interstate orders. The law of the state that issues an IWO applies to the following:

- The duration and amount of child support, both current support and arrears
- Medical support terms
- Where to remit payments
- Payment of fees and costs charged by the child support agency, attorney or issuing court.

The law of the employee’s work state applies to the following:

- When withholding begins
- When to remit payments
- Mandatory deductions
- The maximum amount that may be withheld

- How to allocate withholding among multiple IWOs
- Administrative fees you can charge employees for honoring IWOs
- Other terms and conditions that are set by state law.

Changes are coming to the IWO

The IWO is a standard form that's approved by the federal Office of Management and Budget. A newly revised form is expected in July, Holdren said. The proposed changes are intended to make your life easier.

What's new: According to Holdren, the revised IWO will emphasize that the sender must enter a dollar amount, and not a range of percentages or a maximum percentage. In addition, she said that the electronic IWO's record layout will conform as much as possible to the paper IWO.