

Withholding Calculations

There are two basic steps to determine how much to withhold for child support from an employee's income: calculating disposable income and calculating allowable disposable income.

1. Disposable Income = gross pay - mandatory deductions.

- Disposable income is the amount of earnings remaining after subtracting certain mandatory deductions from an employee's gross pay.
- Mandatory deductions include federal, state and local taxes; unemployment insurance; workers' compensation insurance; state employee retirement deductions; other deductions determined by state law.
- Note that disposable income is not necessarily the same as net pay. An employee may have a deduction taken from his pay that is not mandatory, such as union dues or a car loan payment.

2. Allowable Disposable Income = disposable income x CCPA % limit

- Allowable disposable income is the maximum available for child support withholding. In most cases, the amount ordered to be withheld will be less than the allowable disposable income amount, and the ordered amount can be withheld without any problem. Even if the withholding order specifies a higher payment, the allowable disposable income is the most that may be withheld.
- Section 552.608 of the Support and Parenting Time Enforcement Act has been amended to reflect new withholding limitations. The new limit for current support, past due support, fees, and health care coverage premiums effective against a payer shall not exceed 50% of the payer's net earnings.