

Key Considerations to Reduce Organizational Risk with Wage Garnishment Management



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Wage Garnishment Management

At least one in 14 U.S. employees is subject to a wage garnishment, and an estimated 12% of those have more than one type.¹ Wage garnishment is a legal procedure that requires an employee's pay to be withheld to meet the employee's obligations or to settle their debts, such as child support, consumer debt, medical expenses, student loans, bankruptcy payment plans and tax levies. Garnishments typically are a percentage of an employee's compensation rather than a set dollar amount.

Child support

accounts for the largest percentage of wage garnishments, about **50%** of all garnishments



Tax levies

account for **19%**



Bankruptcy orders

account for **5%** with the remaining coming from student loans, wage assignments and creditor garnishments

Employees between the ages of 35 and 54 (Gen X employees) have the highest number of wage garnishments and the **highest overall garnishment rate (10.2%).**²

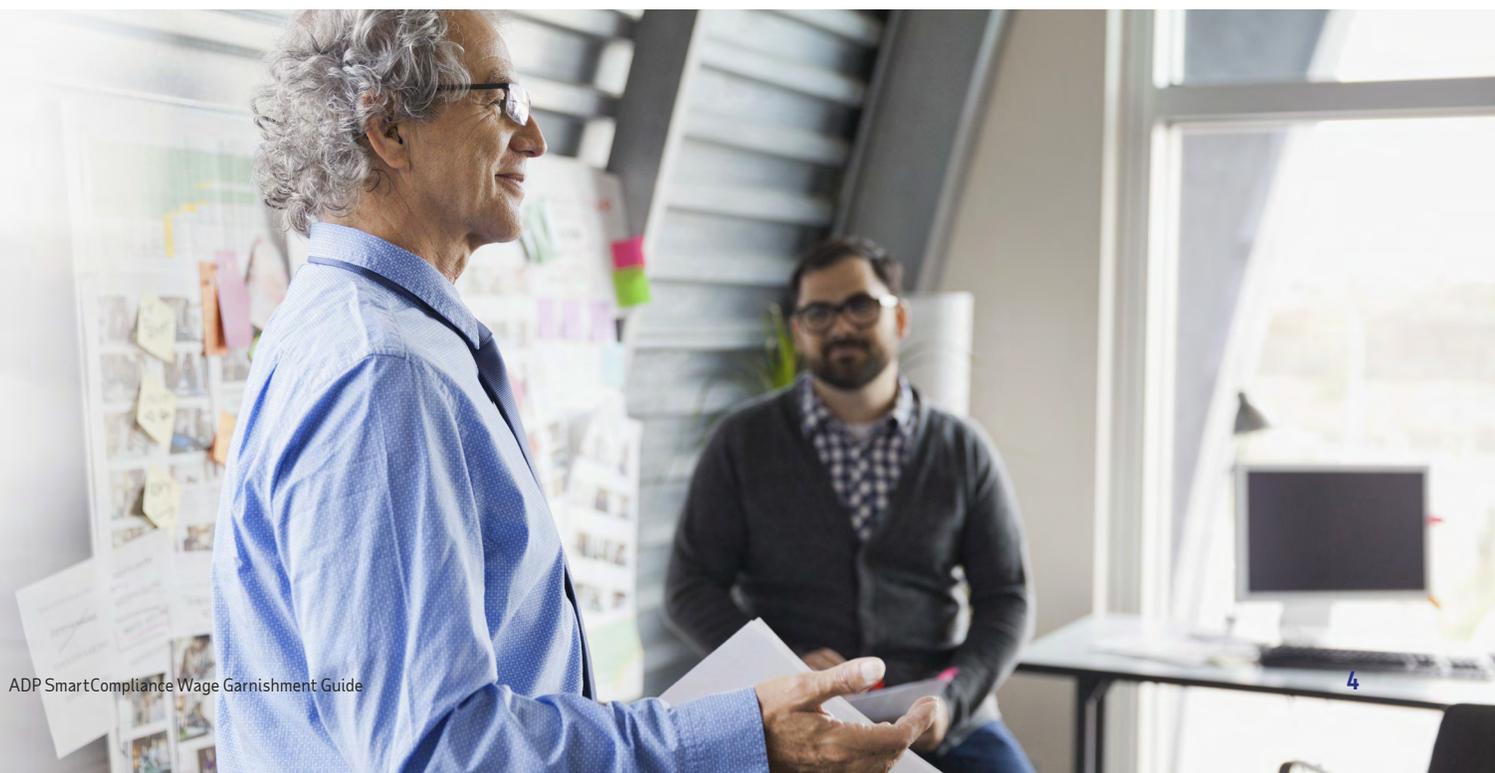
^{1,2} The U.S. Wage Garnishment Landscape: Through the Lens of the Employer, ADP Research Institute, 2017.

Wage garnishments impact both the employee whose wages are being garnished and their employer. For employees, the impact often includes additional stress and embarrassment, which can result in decreased motivation and productivity. For employers, it can be difficult to communicate with an employee about a stressful topic, along with having to follow stringent rules that can differ significantly for each type of garnishment and from state to state.

As an organization, you need to understand the specific obligations for each type of garnishment in every state in which you do business and, often, every state in which you have employees. You also need to stay current with legislative changes, ensure timely and accurate payments, and submit required responses to courts and agencies on time and in the form they require. If you don't have a system in place to capture your information for garnishment processing, and you lack expert guidance to help you navigate the pitfalls, you risk costly errors and can be held liable for as much as the employee's entire judgment, plus attorney fees and costs.



This Buyer's Guide provides a closer look at the processes associated with managing wage garnishments and discusses how ADP SmartCompliance® for Wage Garnishments can help reduce your organization's financial and legal risk and create greater efficiency for your organization.



Wage Garnishment Challenges

Processing wage garnishments can be extremely complex. Each type of garnishment has its own set of rules for implementing it and reporting to the issuing court or agency. To complicate matters even more, these rules can vary from state to state for each type of garnishment.

Proper management of wage garnishments requires specialized expertise. Challenges inherent to processing garnishments include:



1. Strict compliance with myriad requirements under federal, state and local laws and regulations and the specific instructions in the withholding orders and related notices.
2. Understanding and applying the rules for calculating each garnishment, including the base amount of wages included in the calculation and what items to exclude.
3. Processing multiple garnishments for the same employee in the correct order of priority.
4. Making correct and timely withholdings for each type of garnishment as mandated by state laws and other applicable regulations.
5. Administrative errors that can pose the risk of a default judgment against your organization for either a portion of or the full amount of the employee's debt.
6. Responding to the proper court or agency according to applicable regulations.
7. Having trained employees with the skills and expertise needed to review and handle garnishment orders, employees' questions and concerns, and communications with custodial parents, collection agencies, attorneys and other creditors and payees.

Without the right processes, procedures and technology in place to handle garnishments, employers struggle to effectively maintain compliance and avoid the burdens of cost, risk and inefficiency.

How ADP SmartCompliance® for Wage Garnishments Helps to Address These Challenges

When you engage ADP, we help you address these challenges and reduce the burden of managing wage garnishments for your employees with a streamlined, comprehensive process from order receipt to disbursement. ADP SmartCompliance simplifies your efforts and lowers your risk of costly judgments for noncompliance.

With ADP SmartCompliance for Wage Garnishments, you get a team of tenured experts who proactively monitor wage garnishment legislation, along with technology that's designed to automate many of your manual wage garnishment processes and provide visibility to garnishing agencies.

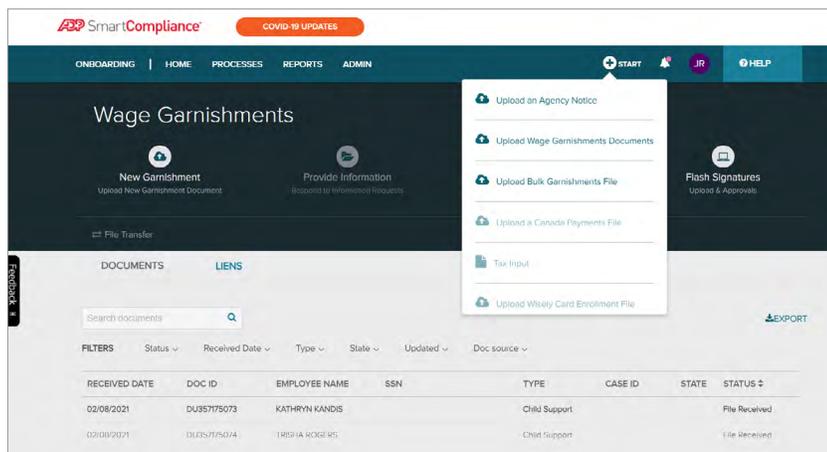
ADP SmartCompliance for Wage Garnishments helps you with:



Automated order receipt

ADP relieves you of the burden of having to receive garnishment orders by receiving them directly on your behalf from the Office of Child Support Enforcement (OCSE) via e-IWO, via eLevy for state tax levies in select states (Wisconsin and soon South Carolina, with more to come), and via API integrations with four of the largest registered agents.

If you still receive garnishment orders in-house, ADP provides an easy online experience to upload orders to ADP.



Order processing

ADP generates notifications to employees and agencies, both electronically and through paper mail depending on state statutes. Integrations with agencies and payroll systems help to eliminate manual processes and ensure timely and accurate responses to state-specific requirements, such as answers to interrogatories, reducing the risk of financial and legal liability for non-compliance with required communication regulations.



Order validation

Rules engine checks and validates information in garnishment orders to reduce errors and data anomalies.



Centralized repository provides visibility

Wage garnishments are centralized in a single, on-line system that makes it easy to view orders with corresponding payments and notifications, when needed. You'll have the ability to view the real-time status of orders as they are being processed, with self-serve access, and visibility into the status of all orders once they have been submitted to ADP so you can take applicable action, when warranted.



Tenured expertise

ADP clients have direct access to our Wage Garnishment Account Managers and the expertise of assigned service teams and escalation support to answer your questions and address issues on-demand.



Call center

Sensitive and confidential call handling by ADP associates with an average of five years of garnishment experience. Calls are handled from employees with garnishments, custodial parents, courts, attorneys and other involved parties.



Dedicated agency assistance

Tenured team specialized in answering calls and inquiries from agencies, courts, attorneys and other involved parties.

- Agency Portal allows for agency self-service based on secured access to case-specific details.
- Dedicated compliance analysts are responsible for building relationships with agencies, understanding compliance requirements, supporting agency projects/initiatives, answering questions. monitoring legislation and managing agency changes.



24/7 assistance

ADP provides resources to help address employee questions about their garnishments, including:

- Online help center
- MyADP self-service
- ADP virtual assistant, interactive voice response for automated response options including:
 - Payment inquiry
 - Order information
 - Refund status



Online dashboard

Provides visibility into the management of wage garnishment orders with access to these features:

- Jurisdiction-specific response templates designed to assist with compliance
- Continuous reporting, including task-tracking, order status review and time-sensitive alerts
- All generated notices



Industry Changes

ADP is on the forefront of industry changes and projects within the garnishment arena. We participate in agency projects to ensure the voice of employers is consistently being represented. We were the first service provider to implement electronic orders for child support and state levies. We continue to lead the way in partnering with agencies on various initiatives.



Committee and Association Participation

ADP continues to chair or actively participate in industry committees and associations. This allows us to give a voice to employers and third-party garnishment service providers and encourage enhancements that create efficiencies within garnishment processing. Through these opportunities, we often attend conferences and present employer best practices to share information.

Why Should I Purchase the ADP SmartCompliance for Wage Garnishments Solution?

All ADP SmartCompliance solutions are designed to help simplify, unify and improve your HCM compliance processes with technology, and they work to shield these processes from disruption.

There is no "one size fits all" when it comes to wage garnishment compliance. Each state has its own regulations, laws and guidelines that can further vary by garnishment type. As an employer, it's challenging to adhere to these and stay up to date with any changes, especially if you operate in or have employees working in multiple locations. If processed incorrectly, employers can potentially be liable for the total amount required to be withheld from an employee's wages plus fines, interest and costs including attorney's fees.

ADP SmartCompliance for Wage Garnishments provides the comprehensive garnishment order processing and disbursement support you need to reduce your administrative burden, improve compliance and mitigate the risk of costly liability.

“ We have been able to reallocate three headcounts from manual tracking and entry of garnishments. The Garnishment Service Center has taken the responsibility of answering and tracking orders, issuing copies to employees and handling general inquiries from agencies and employees from our in-house staff. ”

Melissa Carter, Payroll Manager, Plum Healthcare Group. LLC

“ We receive and process for payment hundreds of garnishments. We couldn't possibly process the payments accurately and timely without ADP services. ADP processes our payments, so we don't have to. That frees up the Payroll staff to do other tasks that are also important. ”

Ruth Arnone, Payroll Manager, Citi Trends



In 2020, ADP processed more than **\$8 Billion** in wage garnishments, including **3 million** withholding orders, **5.9 million** notifications and **31 million** disbursements.*

*2021 ADP internal data

To understand your potential cost savings when you use ADP SmartCompliance for Wage Garnishments or other HCM compliance processes, visit our [**interactive calculator**](#).

About ADP SmartCompliance Solutions

HCM systems of record typically are not designed to handle all the tasks required to stay compliant with ever-changing federal and state regulations. Additional work needs to take place outside of your HCM systems, which can lead to information silos and disconnected workflows. This work is often manual and time-consuming, and it's hard to keep up with the pace of change in today's regulatory environment.

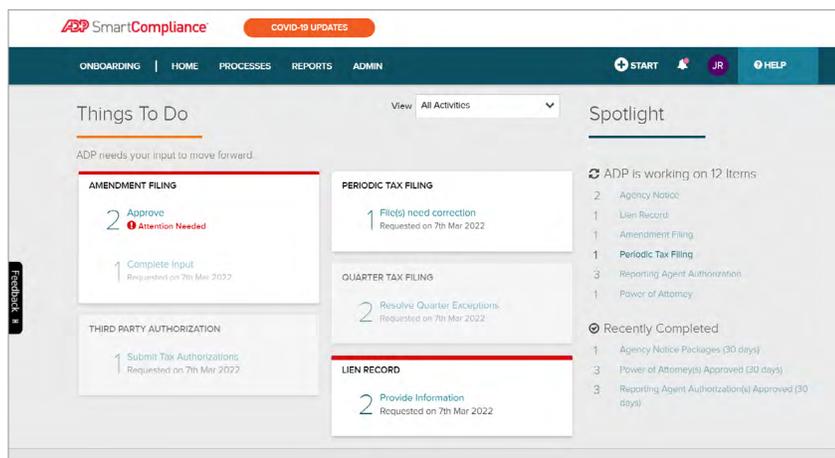
A manual, disconnected approach to managing HCM compliance can create a gap between your HCM system of record and interactions with multiple federal, state and local agencies. This gap opens you to data errors, increases the risk of penalties and interest, and places an ever-increasing burden on your staff who is responsible for ensuring the work gets done correctly and on a timely basis.

But you can close this gap by making the case to automate, optimize and integrate HCM compliance management into your systems, processes and business practices in a way that elevates performance while mitigating compliance risks.

ADP SmartCompliance® Solutions integrate with your HCM platform from ADP, Infor, Oracle, SAP, Workday and many others to extend your HCM systems with a technology-enabled service platform that helps automate key HCM compliance processes including:



- End-to-end wage garnishment management
- Unemployment claims
- Payroll tax filing and remittance
- Distribution of wages
- Paperless pay and employee financial wellness
- Affordable Care Act data management, reporting and compliance
- Employment verification
- Business tax credits



HCM compliance solutions from ADP can help your organization to:



- Reduce the risk of data errors that can result in penalties and interest
- Avoid disconnected, manually intensive processes
- Identify and execute the best opportunities for bottom-line tax savings
- Collect information in a single, intuitive platform that offers complete visibility and proactive notifications
- Track critical tasks and monitor active and resolved agency notices, amendments and exceptions
- Engage with compliance specialist teams using real-time, chat and other tools
- Employ structure and automation to improve operational efficiency
- Reduce data integrity issues with HCM vendor-approved integrations

Integrated workflows built into ADP SmartCompliance save time, reduce steps and automatically flag inconsistencies. Artificial Intelligence (AI) and machine learning reduce or remove human intervention. With ADP SmartCompliance, you get integrated, cloud-based solutions that work effortlessly with most leading payroll, HR and financial systems.

To learn more about how your organization can benefit from ADP SmartCompliance for Wage Garnishments, contact your ADP Representative.

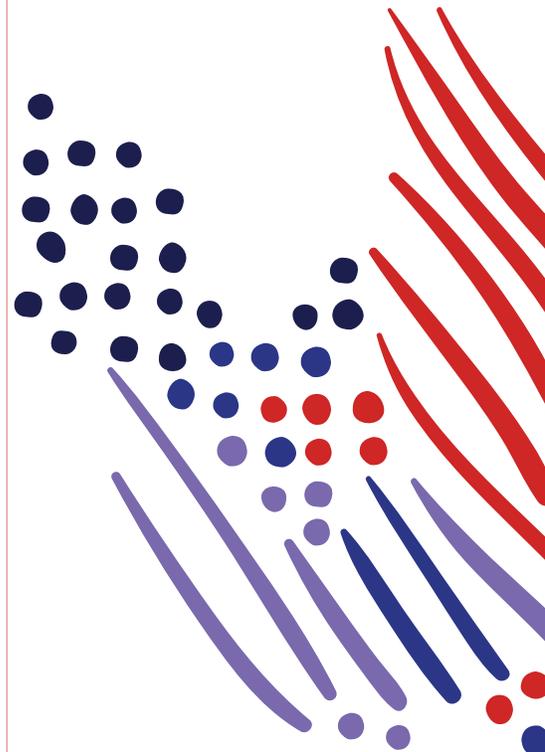
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