

MODULE 6: REPORTING TERMINATIONS

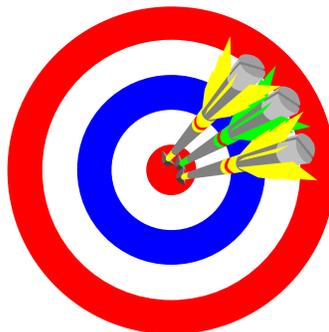
TRAINING NOTES

Module 6 Objectives - Reporting Terminations

- Name employer's responsibilities when NCP terminates
- Explain what to do for rehires and retirees

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6.1 MODULE OBJECTIVES



At the end of this module, you will be able to:

- Name the employer's responsibilities to the Child Support Enforcement Program when a non-custodial parent's employment terminates.
- Explain what an employer must do if a former employee/non-custodial parent is rehired or retired.

TRAINING NOTES

- Keep in mind that only terminated employees **with child support Income withholding orders (IWOs)** need to be reported as terminations.
- Employers must report terminated employees who quit during their first pay period because:
 - an employer-employee relationship existed,
 - the employee completed W-4 form,
 - a new hire report was submitted, and
 - an IWO was received for this person.
- Review three instances when you should **stop withholding**:
 - You receive official notification from the agency to stop withholding
 - The employee is terminated (for whatever reason)
 - Bankruptcy proceedings are underway and a bankruptcy trustee takes over the withholding.

Reporting Terminations

- What
 - Notify agency/court if employee (NCP only) leaves
- Why
 - Need to issue a new IWO
- When
 - ASAP
- How
 - IWO Form, final page; NMSN, per instructions



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6.2 REPORTING TERMINATIONS

- **What:**
 - When the employer-employee relationship ends for any reason, including retirement, the employer must notify the child support enforcement agency.

- **Why:**
 - Let the State agency know that you are no longer paying the obligated parent (former employee).
 - State agency needs to issue a new IWO to the new employer if applicable.

- **When:**
 - As soon as possible following the termination.

- **How:**

Using the IWO form in the section **Notification of Termination of Employment** (the last page), check the appropriate box:

- the person never worked for you or
- the person has left your employment

Then:

- add the termination date, last known address, and phone number
- add last payment information
- if known, add new employer

TRAINING NOTES

All Federal records must be retained on file for three years.

Reporting Terminations

- Special Requirements
 - Retain IWO in case of rehire
 - Report termination to issuing agency with a copy of notice required for health insurance continuation



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- **Special Requirements:**

- Some States using the National Medical Support Notice (NMSN) require reporting of additional information for medical support or insurance purposes, primarily to avoid interruption of medical coverage for the dependent child.
- Retain the IWO in a holding file in case the employee is rehired (see following section for rehire requirements). The length of time for keeping orders active varies from State to State.

TRAINING NOTES

- Civil Service Retirement System (CSRS) is the Federal retirement plan that predated the Federal Employees' Retirement System (FERS). Some Federal employees are still grandfathered under CSRS. (OPM handles these plans.)
- Employees not covered by CSRS or Federal Employees' Retirement include employees in:
 - Foreign service
 - Temporary appointments - covered solely by the Social Security Administration's retirement program
 - Tennessee Valley Authority (TVA) – covered by TVA's retirement program.
- You may suggest to your employee that he/she make child support payments on his/her own (until a new withholding order is issued) to avoid interruption of payments for child support and the accrual of arrears.

When the Employee is Retired

- When
 - Retired and receiving some type of benefits (CSRS, FERS, etc.)
- What
 - Federal agency stops withholding; notifies state child support agency of termination
 - State agency issues new withholding to OPM
 - OPM begins withholding from retirement benefits



6.3 INCOME WITHHOLDING WHEN THE EMPLOYEE IS RETIRED

- **When:**

- Your employee is not working because he has retired.
- Your employee receives some type of Federal retirement benefits.

- **How:**

- Most Federal civilian employees are covered by:
 1. Civil Service Retirement System (CSRS)
 2. Federal Employees' Retirement System (FERS).

- **What:**

- Child and medical support withholding must still be made.
- Retirement should be treated as a termination. If you were responsible for deducting child support for an employee who has just retired, notify the issuing child support agency immediately about the change in your employee's work status (from active to retired) so it will know why you are no longer deducting child support.

The agency will send a new IWO to the Federal agency/processing center (primarily the Office of Personnel Management) responsible for paying the retirement benefits.

To avoid interruptions in payment to the employee's child and accrual of arrears, the employee may choose to make his own payments.

- If you are responsible for the retirement benefit payments, then you are responsible to withhold child support according to the terms of the order.

TRAINING NOTES

- The requirement to reactivate orders automatically is especially beneficial in those industries that typically undergo **seasonal layoffs** and rehiring. For Federal agencies, this pertains to employees who have “intermittent status.”
- Many terminated (not retired) employees opt to maintain health insurance coverage under COBRA until they can be re-enrolled in the employer’s plan.

Reporting Terminations

- **Rehire after termination**
 - Submit another new hire report
 - Reactivate IWO
 - Reactivate medical support as appropriate



6.4 REHIRE AFTER TERMINATION

- **What:**

- Sometimes a former employee is rehired, especially one with “intermittent status.”
- Employer requirements upon rehire:

- Submit a new hire report

- Reactivate the IWO that was being honored prior to the termination.

- **Special Requirements:**

- The Federal government does not require that a newly hired employee wait for any period before the employee and dependents are eligible for health care coverage. Thus the employee and dependents are eligible for coverage at the time the employee is hired or re-hired.

TRAINING NOTES

Terminations SUMMARY

- Report terminated employees who owe child or medical support
- Reporting requirements vary from state to state
- Withhold child support for retired employees when a new IWO is received at OPM
- Reactivate child/medical support for rehires, too

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6.5 TERMINATIONS SUMMARY

- **Termination**

- When the employer-employee relationship ends for any reason, **including retirement**, there is a final step that the employer must take. The employer must notify the child support enforcement agency or court that the obligated employee is no longer on the payroll.
- This notification is very important, and informs the agency/court that:
 - The employer is no longer paying the obligated parent.
 - A new IWO should be issued to the new employer.
 - The continuity of health insurance coverage for the former employee's child can be ensured, wherever possible.
- Termination reporting requirements vary from State to State.

- **Rehires**

- When a former employee is rehired, the employer must:
 - Submit a new hire report
 - Reactivate income withholding based on the IWO that was in effect at the time of termination, unless that order has expired.
- Note that the length of time for which an IWO must be kept active varies from State to State.
- Reactivate medical support as permitted (i.e., re-enroll the employee and dependent in the plan once the employee becomes eligible for enrollment).