

# Model Legislation on Managing Lump Sum Payments for Child Support (Model Act)

Reporting lump sum payments helps reduce unpaid child support, benefiting paying parents and their families. In FY 2023, unpaid child support totaled over **\$115** billion.

## Model Act

The model act is designed to address lump sum payments for child support through withholding by income payers (i.e., employers) in cases enforced under Title IV-D of the Social Security Act

## Act Goals

- Promotes employer cooperation
- Helps facilitate compliance with standards across states

## Act Benefits

Clear Provisions for:

- Definition of lump sum payments
- When an employer must report
- Threshold for reporting
- Release and retention of payments

## Act Highlights

- Limited to employees with an Income Withholding for Support Order (IWO) with noted arrears
- Allows immediate release of 50% to employee
- Sets consistent time frames for reporting and responding
- Streamlines process for retaining and releasing funds
- Faster resolution and closure for employers
- Improve child support collections

## Employer Lump Sum Payments

A *Lump Sum Payment* is a one-time payment to an employee. Some examples:

- Bonus
- Commission
- Retroactive pay increase
- Sign-on bonus
- Severance pay
- Vacation pay

## Ways to Report Lump Sum Payments

- [Federal Office of Child Support Service \(OCSS\) Child Support Portal](https://ocsp.acf.hhs.gov/csp/home/employer)



<https://ocsp.acf.hhs.gov/csp/home/employer>

- [Electronic Income Withholding Order \(e-IWO\)](https://www.acf.hhs.gov/css/employers/e-iwo) (for participating employers)  
<https://www.acf.hhs.gov/css/employers/e-iwo>
- Directly to the child support agency that issued the IWO.

## Child Support Agencies

- State Lump Sum Contacts and Program Requirements  
<https://www.acf.hhs.gov/css/contact-information/state-lump-sum-contacts-and-program-requirements>

