

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



December 10, 2014

CSSIN LETTER: 14-11

ALL IV-D DIRECTORS
 ALL COUNTY ADMINISTRATIVE OFFICERS
 ALL BOARDS OF SUPERVISORS

SUBJECT: FINAL RULE, PHASED RETIREMENT

<u>Reason for this Transmittal</u>
<input type="checkbox"/> State Law, Regulation and/or Change
<input checked="" type="checkbox"/> Federal Law, Regulation and/or Change
<input type="checkbox"/> Court Order or Settlement Change
<input type="checkbox"/> Clarification requested by One or More Counties
<input type="checkbox"/> Initiated by DCSS

The purpose of this letter is to inform local child support agencies (LCSAs) of a federal regulations change regarding phased retirement and the potential impacts on the child support program. On August 8, 2014, the Office of Personnel Management (OPM) published 79 FR 46607 as a final rule adopting phased retirement regulations.

Phased retirement is a human resources tool that will allow full-time federal employees to work a part-time schedule and draw partial retirement benefits during employment. The main purpose of the federal phased retirement plan is to enhance the mentoring and training of employees who fill the positions of more experienced retiring employees and to assist agencies with knowledge management and continuity of operations. Phased retirement may also assist with cross-training employees throughout sections and divisions of an agency. The state of California and some local governments allow similar partial retirement arrangements for certain eligible employees.

The Final Rule adds paragraph (d) to 5 CFR § 581.306 and provides that when a federal governmental employee obligor is honoring a continuing legal process (such as an income withholding order), and enters into phased retirement status, the governmental entity must inform the LCSA that the employee's wages will continue at a reduced rate and that the employee obligor will be receiving a phased retirement annuity. The governmental entity must also provide a contact at the OPM responsible for the disbursement of retirement benefits.

According to the OPM, an employee participating in phased retirement is still an employee for all purposes. Wages and retirement benefits received by employees who enter into phased retirement remain subject to child support garnishment; however, the garnishment may be adjusted by the employer at the time the employee enters into phased retirement due to certain caps on the percentage of salary that may be garnished.

CSSIN Letter: 14-11
December 10, 2014
Page 2

If the LCSA becomes aware of a reduction in pay resulting in the non-custodial parent (NCP) not meeting his/her child support obligation, an additional income withholding order should be sent to collect the balance through the NCP's retirement.

A modification or adjustment to the child support order may be necessary if the NCP's income is significantly reduced.

If you have any questions or concerns regarding this matter, please contact the Program & Policy Branch at (916) 464-5883.

Sincerely,

/os/

VICKIE K. CONTRERAS
Deputy Director
Child Support Services Division