

**WORKFORCE DEVELOPMENT DIVISION**  
**Workforce Policy and Service Delivery Branch**  
**Technical Assistance Bulletin 181**

**Program:**     **General; Rapid Response**

**Subject:**     **Severance Pay Withholding Information**

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This Technical Assistance (TA) Bulletin provides Local Workforce Development Boards (Boards) with information on Senate Bill (SB) 228, enacted by the 80th Texas Legislature, Regular Session (2007), which requires employers to withhold child support payments from a terminating employee's severance pay. The Office of the Attorney General's (OAG) Child Support Division is responsible for enforcing this law and has requested the Texas Workforce Commission's assistance in publicizing it. Rapid Response activities provide Texas Workforce Center staff with an opportunity to inform employers and employees of this requirement.

SB 228 amends Texas Family Code, Chapter 158, by adding §158.214—effective September 1, 2007—which sets forth requirements for withholding child support funds from severance payments of terminating employees.

**Withholding Child Support from Severance Pay**

Texas Family Code §158.214 defines severance pay as “income paid on termination of employment in addition to the employee's usual earnings from the employer at the time of termination.”

Section 158.214(b) directs an employer receiving an order or writ of withholding for child support to withhold from an employee's severance pay “an amount equal to the amount the employer would have withheld under the order or writ if the severance pay had been paid as the obligor's usual earnings as a current employee.”

Further, Texas Family Code §158.009 directs that the maximum amount of child support withheld cannot exceed 50 percent of the employee's disposable earnings. Texas Family Code §101.010 defines “disposable earnings” as “the part of the earnings of an individual remaining after the deduction from those earnings of any amount required by law to be withheld, union dues, nondiscretionary retirement contributions, and medical, hospitalization, and disability insurance coverage for the obligor and the obligor's children.”

**Calculating Child Support Withholding**

To calculate the amount of child support to withhold from the terminating employee's severance pay, the employer must first determine how many months of earnings the severance package equals.

*Example:* If the employee's gross severance pay is \$10,000 and gross income is \$4,000 per month, the severance pay will equal two and a half times the employee's monthly earnings. Therefore, the employer must withhold two and a half times the obligation amount specified in the income withholding order(s).

Detailed information regarding withholding child support payments from severance pay can be obtained at OAG's **Wage Withholding** page at:

<https://portal.cs.oag.state.tx.us/wps/portal/WageWithholdingCalculateAmount#severance>.

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