

A. HOW MUCH OF MY EMPLOYEE'S EARNINGS DO I WITHHOLD AND SEND?

- 1. Add your employee's total gross earnings.** These include wages, salary, commissions, bonuses, vacation pay, or anything else you pay your employee for personal services. Exception: Do not include tips unless the employee earned them directly from you and not from a customer.
- 2. Subtract the statutorily required deductions to calculate your employee's disposable earnings.** These required deductions include, but are not limited to: Federal income tax, social security, state income tax, and state disability.
 - Do not subtract the following from gross earnings: 401(k) contributions, health deductions, voluntary deductions, voluntary wage assignments, or court-ordered garnishments for child support, spousal support, etc.
- 3. Applicable Minimum Wage.** You also need to know the applicable minimum wage in the area where the employee works. This will be either the state minimum wage or a local minimum wage if the city or county where the employee works has its own higher minimum wage.
- 4. Calculate How Much to Withhold (California Code of Civil Procedure Section 706.050).** After you have figured out the employee's disposable earnings and the applicable minimum wage, you can calculate how much to withhold from each paycheck. The maximum amount to withhold (if any) is the lesser of two amounts:

Amount 1: 20 percent of the employee's disposable earnings for the week, or

Amount 2: 40 percent of the difference between the employee's disposable earnings for that week and the applicable minimum wage for the week.

To calculate how much to withhold, you can follow steps 1-7 below or go to ftb.ca.gov and search for court-ordered debt.

Step 1: Calculate the applicable minimum wage for your pay period.

- If you pay every day or every week, multiply the applicable hourly minimum wage by 48
- If you pay every two weeks (biweekly), multiply the applicable hourly minimum wage by 96
- If you pay twice a month (semi-monthly), multiply the applicable hourly minimum wage by 104
- If you pay every month, multiply the applicable hourly minimum wage by 208

Step 2: Subtract the applicable minimum wage for your pay period (the amount from Step 1) from the employee's disposable earnings for that pay period.

Step 3: If the amount from Step 2 is zero or less than zero, do not withhold any money from the employee's earnings. You are done with the calculation.

Step 4: If the amount from Step 2 is more than zero, multiply that amount by 40 percent. This is Amount 2, above.

Step 5: Multiply the employee's disposable earnings by 20 percent. This is Amount 1, above.

Step 6: Compare the amount from Step 4 (Amount 2) and the amount from Step 5 (Amount 1). The lesser amount is the maximum you can withhold. If there is no order of higher priority, this is the amount to withhold.

Step 7: If the employee's earnings are subject to another order of higher priority, subtract that amount from the Step 6 maximum withholding amount. If the difference is zero or less than zero, do not withhold any more money from the employee's earnings. If the difference is more than zero, withhold that amount.

B. WHAT IF THE PERSON WAS NEVER MY EMPLOYEE OR IS NO LONGER MY EMPLOYEE?

IF	THEN	AND
The person named on PAGE 1A was never your employee.	We request that you complete and return PAGE 2A. Check the box marked "No record of employment."	Do not deliver the pages labeled EMPLOYEE'S COPY to the person named on PAGE 1A.
The person named on PAGE 1A was your employee, but terminated employment with you less than one year before you received this order.	We request that you complete and return PAGE 2A. This order is effective for one year from the termination date. If the employee returns to your employment within one year of the termination date you must honor this order.	Deliver the pages labeled EMPLOYEE'S COPY to the employee.
The person named on PAGE 1A was your employee, but terminated employment with you after you received this order.	We request that you complete and return PAGE 2A. This order is effective for one year from the termination date. If the employee returns to your employment within one year of the termination date you must honor this order.	Deliver all pages labeled EMPLOYEE'S COPY to the employee.

C. WHAT IF I RECEIVE MULTIPLE WITHHOLDING ORDERS?

If you receive multiple orders for your employee, follow the instructions on PAGE 2B. Your employee's earnings may be subject to more than one earnings withholding order.

D. DO I HAVE TO COMPLY WITH THIS ORDER?

YES. You must withhold from your employee and send any amount required by this Earnings Withholding Order for Court-Ordered Debt. Because you must withhold from your employee and pay us any amount required by this order, you are not liable to your employee for the amount withheld less we refund it to you. It is illegal to withhold your employee's earnings and fail to pay the amount withheld to us, with the intent to defraud us or your employee. It is improper to defer or accelerate any payment of earnings to an employee with the intent to defraud or diminish our rights under this order, or to fail to withhold or pay the amount you are required to withhold under this order. If you do so, we can bring a civil action against you for damages.

EMPLOYEE'S COPY
(DELIVER TO EMPLOYEE)
PAGE 1E