



## What is an IWO?

Commonly known as an income withholding order or IWO, the Income Withholding for Support is the standard form approved by the Office of Management and Budget that must be used by all entities to direct employers to withhold income for child support payments.

## What is the SDU?

The State Disbursement Unit (SDU) is a centralized collection and disbursement unit for child support payments from employers, income withholders, and others. An SDU is responsible for:

- Receiving and distributing all payments
- Accurately identifying payments
- Promptly disbursing payments to custodial parents
- Furnishing payment records to any parent or to the court

## Why were standard forms and payment directions developed?

Under provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Congress required the use of a standard withholding process to increase child support collections for all families, promote self-sufficiency for low-income families, and reduce the burden on employers. States were also required to establish and maintain SDUs to receive child support payments from employers and other sources (1) for all IV-D cases and (2) for all non-IV-D cases with support orders initially issued on or after January 1, 1994 payable through income withholding.

## How is income withholding ordered?

When entering a child support order, judicial and administrative officials must enter an IWO. Some states use the following language in the child support order:

“Reference is hereby made to a separate income withholding order, the entry of which is required of this (Court) (Agency) by law and specifically incorporated herein as part of this (Court’s) (Agency’s) order in this case.”

## Additional Web Resources

- [Section 466 of the Social Security Act](#)
- [Action Transmittal 14-05 \(AT-14-05\)](#)
- [45 CFR 303.100](#), Procedures for income withholding
- [Intergovernmental Reference Guide](#) containing each state’s IWO procedures
- [State Contact and Program Information Matrices](#) for state-specific information and contacts for questions
- [Income Withholding](#), choose Private Sector Employers or Federal Agency Employers to get information on processing the IWO notice and calculating withholding amounts, with examples

## Are there exceptions to income withholding?

Yes, section 466(a)(8)(B)(i) of the Social Security Act allows two exceptions as stated below:

“The income of a noncustodial parent shall be subject to withholding, regardless of whether support payments by such parent are in arrears, on the effective date of the order; except that such income shall not be subject to withholding under this clause in any case where (I) one of the parties demonstrates, and the court (or administrative process) finds, that there is good cause not to require immediate income withholding, or (II) a written agreement is reached between both parties which provides for an alternative arrangement.”

## Must I use the OMB-approved IWO form?

Yes, the IWO form has been required since August 22, 1996, for orders issued or modified on or after January 1, 1994.

The revised IWO form, instructions, and process flow was published on July 15, 2014 in AT-14-05. However, other requirements concerning the revised IWO form became effective May 31, 2011 [see AT-11-05]:

**!** All IWOs that order an employer to withhold payments, including those issued by courts and private attorneys, must direct payments to the SDU.

Employers/income withholders are instructed to return the IWO to the sender if payment is not directed to the SDU.

**!** All entities or individuals authorized under state law to issue income withholding orders to employers must use the OMB-approved IWO form.

Effective May 31, 2012, any IWO received that is not on the OMB-approved IWO form will be returned to the sender by the employer.

A fillable version of the form is available at: [www.acf.hhs.gov/programs/cse/forms/OMB-0970-0154.pdf](http://www.acf.hhs.gov/programs/cse/forms/OMB-0970-0154.pdf).