



IN THE BUSINESS OF YOUR SUCCESS<sup>SM</sup>

SOLUTION OVERVIEW

# ADP Garnishment Services

ADP Garnishment Services helps employers minimize risks, improve controls, reduce administrative burdens and free up valuable employee resources to focus on core business objectives.



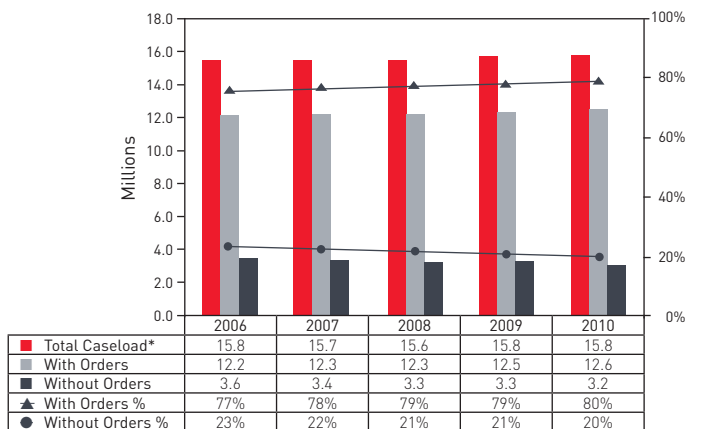


# Garnishment – Increasing Employer Accountability and Burden

The volume of creditor garnishments, student loans and bankruptcy filings is at an all-time high. With the unemployment rate on the rise, more people are falling behind in their credit card payments, or student loans, and some are even seeking bankruptcy protection. As a result, employers are seeing an increase in wage withholding orders. This means that employers must allocate a percentage or a dollar amount of the employee’s net disposable income to address an outstanding debt or court-ordered spousal/child support. Many government agencies mandate that private and mandatory child support be paid through employer withholdings rather than directly from the noncustodial parent.

These developments have led to a dramatic increase in the frequency and types of wage garnishment orders that employers receive and must interpret, apply, track, pay and respond to on behalf of their employees. Any garnishment order that is not paid or responded to in a timely manner could result in a penalty or judgment against the employer. This growing burden makes outsourcing wage garnishment processing a very attractive option for employers.

## Child support garnishment orders on the rise



The percentage of cases **with orders** increased and cases without orders decreased from 2006 to 2010. Source: U.S. Department of Health and Human Services. The Office of Child Support Enforcement; Total and percentage of IV-D cases with and without support orders (2006 to 2010).

## WHAT IS THE TRUE COST OF GARNISHMENT PROCESSING?

Cost Categories	Direct & Indirect Costs
Capital and labor cost	<ul style="list-style-type: none"> <li>Management/full time employees</li> <li>Training</li> <li>Servers/storage</li> <li>Data centers/equipment</li> </ul>
Operational costs	<ul style="list-style-type: none"> <li>Bank fees (checks, wires, electronic funds transfer)</li> <li>Postage/mailing</li> <li>Calls (often emotional)</li> </ul>
Hidden costs	<ul style="list-style-type: none"> <li>Judicial settlements</li> <li>Software updates</li> <li>Legal counsel</li> <li>Accounts payable</li> </ul>
Opportunity costs	<ul style="list-style-type: none"> <li>Staff not focused on core competencies</li> </ul>

### ADP GARNISHMENT SERVICES

ADP Garnishment Services eliminates up to 95% of an employer’s garnishment tasks, from lien management through disbursement, freeing up valuable employee resources to focus on core business objectives. With over nine years of experience, ADP leads the industry in comprehensive garnishment services, including operational best practices, technology implementation and call center support services.

ADP Garnishment Services provides solutions to more than 60,000 clients by interfacing with more than two million agencies, courts and payees on a federal, state and local level. Wherever possible, ADP uses electronic funds transfer (EFT) and electronic data transfer to improve information exchanges. ADP Garnishment Services was designed to ease administrative burden by using an existing, proven process that allows you to use your existing payroll system while outsourcing the tedious and timing consuming garnishment tasks.

ADP scans and interprets garnishment orders, performs and audits data entry, disburses garnishments via check or EFT (according to the order) and reconciles checks for clients, all in a timely manner. As part of ADP Garnishment Services, ADP generates agency-required employee and agency response notifications. ADP will also address inquiries from agencies, employees and custodial parents—allowing employers to reallocate internal resources to more productive revenue-generating tasks and responsibilities.

ADP Garnishment Services leads the industry in implementing Electronic Income Withholding Orders (e-IWO) and Flash Signatures. In partnership with the Federal Office of Child Support Enforcement (OCSE), ADP can now manage e-IWO processing on behalf of employers. Through the e-IWO process, states are able to send an income withholding order electronically to employers or service bureaus such as ADP. This process provides an opportunity to exchange information with OCSE in a prompt and accurate manner, minimizing risk of non-compliance and reducing exposure to liability and fines.

ADP’s Flash Signature feature lets employers sign documents electronically, via the Internet, eliminating time-consuming tasks such as faxing, mailing and overnight express. Using ADP’s e-IWO and Flash Signature gives you more accurate processing and saves time.

Outsourcing garnishment services to ADP provides an efficient, cost-effective alternative to performing these tasks in-house.

**ADP Garnishment Services eliminates up to 95% of employers' garnishment tasks**

Receipt	Court Order Interpretation	Notification	Calculation	Disbursement	Phone Call Handling
Receive, open and sort garnishment orders	Read withholding orders	Notify employees that a withholding order has been received	Prioritize lien by state rules	Coordinate payment with Accounts Payable department	Respond to callers who did not get their expected payment
Scan withholding orders for record retention	Identify lien type	Produce required answers & interrogatories to the agencies, attorneys and courts for various lien types	Calculate disposable income by state/federal rules	Attached required "Answer" forms with payments for GA, OH & OK	Respond to callers who did not get their expected payment
File withholding orders in folders	Identify if order is new modified, or released	Utilize state specific notification formats for specific answers and interrogatories	Apply appropriate state rules if not enough hearings	Process, print, stamp & mail check payments	Respond to payee change of address requests
Retrieve orders from OCSE electronically via e-IWO	Identify if employee is active or inactive	Notarize & Flash Signature notification responses	Make appropriate deductions	Make payments via EFT as required by state	Respond to employee inquiries
	Identify federal and state regulations			Maintain list of payee destinations	Respond to misplaced check issues
	Legal department interaction pertaining to withholding order instructions, or negotiate judgments or defaults			Maintain historical payment data	Respond to request for child support, student loan, & tax levy responses
	Contract agencies or courts when orders are vague or illegible			Handle stop payments and check reissues	Respond to inquiries for writs of garnishments, wage assignments & bankruptcy answers & interrogatories
	Data entry to pay systems			Reconcile GL account and bank statement	Research, respond to and manage judgement of default notices
				Offer direct deposit capabilities for private child support orders	
				Send reminders for un-cashed checks	

n Typical employer's in-house garnishment responsibilities
n Employer's responsibilities after out-sourcing to ADP

Staying compliant is top of mind for you and your business. ADP Garnishment Services can help increase operational efficiencies, maintain compliance and avoid penalties by managing your wage garnishments from start to finish.



# How ADP Garnishment Services Can Benefit Your Business

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## **Maintain business focus and benefit from cost savings.**

Since garnishment processing is an ADP core competency, you benefit from higher quality and increased efficiencies due to economies of scale. Outsourcing costs are often lower than the cost of maintaining the service in-house and outsourcing lets you focus attention, resources and capital on mission-critical tasks that drive profitability.

## **Maintain compliance with garnishment expertise.**

ADP employs more than 350 professionals who are solely dedicated to ADP's compliance solution, including associates who follow and track complicated and ever-changing regulations and laws.

## **Increase data control and reporting capabilities.**

You retain complete control of all data related to garnishments because it is stored in your in-house payroll system. You use the ADP-developed and ADP-maintained Transporter interface process to transmit wage garnishment information

and deductions to ADP Garnishment Services via Internet-based FTP or other secure transmission methods.

## **Reduce technology obsolescence.**

ADP takes complete responsibility for the design, enhancement, and maintenance of the back-end systems that support the disbursement of garnishments in accordance with agency and court requirements.

## **Take advantage of ongoing quality enhancements.**

Client feedback is used to regularly improve our back-end processing systems. These quality enhancements allow you to use our world-class garnishment processing capabilities without the capital investment needed to keep your technology up to date.

## **Benefit from additional ADP services.**

Additional ADP services have been designed to work with ADP Garnishment Services to help with compliance, including our payroll tax management service and the printing and distribution of annual W2 and 1099 forms.

# Why Use ADP Garnishment Services?

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## WHEN YOU TEAM WITH ADP YOU WILL RECEIVE:

### Client Training

We'll provide you with everything you need, including training courses and materials. Our training program is designed to quickly get your team up to speed in the full use of your ADP solution. Each training curriculum is customized as needed, and includes the implementation of functional applications of the system, as well as technical courses that cover the complexities of garnishment laws and practices throughout the country. We regularly improve and enhance our training based on participant feedback, results of successful implementations and new features.

### Implementation

ADP's reputation—and our success—is based on our clients' success. You can be confident that ADP will provide comprehensive implementation services that will set the stage for your ongoing success.

The keystone assumption of our implementation approach is that employers and ADP share responsibility for the project. We combine experienced project management with the knowledge of systems and processes provided by your team of functional and technical experts. Effectively blending these resources yields a high-quality implementation and forms the foundation of a long-term business relationship.

### Transition Plan

ADP's implementation specialist assists you through your first entire processing (interpretation, notification, and disbursement file processing), ensuring that you completely understand the processing flow. The implementation specialist will partner with you from 30 – 45 days to assist through transition.

### Client Services

We are committed to providing world-class service that exceeds your requirements and expectations and enables your success. We view world-class service as a journey; as we near our destination, we stretch further to reach new horizons.

### Support Team

A dedicated account manager is assigned to work directly with your staff members. Direct-dial telephone numbers, voice mail, fax, and email capabilities are supported.

Associates in the ADP Garnishment Services solution center are available to answer calls from custodial parents, employees, and other payees (e.g., courts, agencies, attorneys). Approximately half of our associates are bilingual.

### Case Management

ADP's solution center maintains a record of every call received, every call made, who the caller was (custodial parent, employee, payee or agency), the purpose of every call, and the final issue resolution. We can offer specific reporting upon request.

### Corporate Compliance

ADP is committed to complying with all of the Sarbanes-Oxley Act (SOX) requirements that apply to ADP as a publicly traded company. Among other things, the Act requires the CEO and the CFO of public companies to certify their periodic financial statements, evaluate their internal controls, maintain effective internal and external audit procedures, and avoid certain financial dealings with their corporate officers. Companies that choose to keep these functions in-house are required to carry out this costly effort every year.

For those companies that choose to outsource to ADP, the cost and effort to document, test and remediate controls for these processes can be substantially reduced through the use of ADP's carefully designed SAS 70 Type II reports. ADP welcomes these new corporate standards, and we comply with all of the Act's requirements that are applicable to ADP.

### Security

ADP is committed to protecting the confidentiality of the information provided to us by our clients and their employees or customers. All client data is deemed confidential and is treated accordingly. In order to achieve this level of security, we have policies and practices intended to ensure that our facilities, information systems and data remain reasonably secure.

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# You're under pressure to achieve more with less. Garnishment processing is an ADP core competency. You benefit from our high standards and processing efficiencies.

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Due to the constantly changing nature of technologies and security concerns, we periodically conduct risk assessments and continually evaluate and modify our security procedures.

ADP maintains an enterprise-wide Information Security Program to assist our business units with developing policies and practices and to provide legal and audit support to the business units.

### **Business Continuity**

ADP is committed to providing immediate response and subsequent recovery from any unplanned business interruptions. Interruptions are defined as: loss of critical service (computer processing, telecommunications), loss of building access, or physical facility catastrophe (fire, flooding, etc.).

Effective physical security practices are deployed at our facilities, including uninterrupted power supply (UPS) and generator systems, redundant power feeds, redundant telecomm and

datacomm vendors, and secure communications. Other security measures include closed-circuit television, guard services, and highly restrictive card-key access locations.

Redundant processing facilities are geographically dispersed in locations throughout the United States. We have designated recovery processing centers, as well as alternative contingency backup sites. We also have high-availability synchronous and asynchronous data replication for our most critical processing locations.

To ensure service continuity to our clients, we test the plan several times each year by emulating a full disaster to test all systems and processes. All policies, procedures, and related systems receive continuous review and are updated when applicable.

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## **Today ADP:**

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- Serves more than 570,000 clients around the globe
- Pays one in six U.S. workers and 31 million people worldwide
- Electronically moved over one trillion dollars in client tax, direct deposit and related client funds in fiscal 2009
- Is one of only a handful of U.S. industrial companies to be triple-A-rated by both Standard & Poor's and Moody's
- Delivers world-class service resulting in over 90% client retention and an average tenure of more than ten years
- Is ranked number one in the Financial Data Services industry category in Fortune magazine's World's Most Admired Companies (2010)



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