



CCPA-74

December 1, 1980

This is in reference to our earlier letter to you dated August 14, 1980, in which we advised you that payroll deductions for contributions to the\*\*\* County Retirement Plan did not constitute "amounts required by law to be withheld" under Section 302(b) of Title III of the Consumer Credit Protection Act (15 U.S.C. 1672(b)). Upon receipt of additional information, we have reevaluated our position on this matter and find that our earlier opinion was incorrect.

The information you have provided indicates that all county employees are required to participate in the retirement plan after one year of continuous service, and each employee is required to contribute 3% of his or her pay to the plan. Public employee participation in the plan and employee contributions are required by State law. In addition, county regulations mandate that the employee contributions be paid by payroll deductions. These county regulations are issued pursuant to specific authority granted by provisions of State law concerning the public employees' retirement system.

Such required deductions under a public employee's retirement system are considered "amounts required by law to be withheld" within the meaning of Section 302(c) of Title III. Therefore, these deductions in the amount of 3% of an employee's earnings are excluded from an employee's "disposable earnings" for purposes of Title III of the Consumer Credit Protection Act.

Sincerely,

Henry T. White, Jr.  
Deputy Administrator