What income and property of mine is protected from a creditor or debt collector with a judgment?

Use this worksheet and information to determine which of your income and property are exempt from a creditor or debt collector that has a judgment against you. A creditor or debt collector can sue you in court for an unpaid debt, in order to get a judgment against you. A **judgment** is a court order saying that you owe a certain amount of money. The creditor or debt collector can take your income to pay the debt. If you ignore the lawsuit, the court can enter a judgment against you without hearing your side of the story. This is called a default judgment. You should always respond to a debt collection lawsuit—you do not need an attorney to file your response and appear at the hearing.

Once a creditor or debt collector has a judgment, they can execute that judgment to pay your debt. The most common ways for a creditor or debt collector to execute on a judgment is through wage garnishment or bank account levy. It is much less common for them to execute on your property. This form tells you what income and property is protected from creditors or debt collectors with judgments against you.

Use the examples and explanations in the instructions starting on Page 3 of this packet find out what income and property of yours is protected.

1. Exempt Property

- Up to $364,000 in equity in your home (this amount increases each year by 4% after 2022).
- One motor vehicle (if your interest is $4,000 or less).
  - ✓ Calculate your interest in your vehicle:
    - ⇨ Vehicle Sale Value: $ ___________

Subtract -

⇨ Amount you owe on vehicle: $ ___________

Equals =

↳ Your Interest: $ ___________

- Up to $7,000 in personal property (no one item worth more than $1,250).
  - Examples of personal property: furniture, household goods, clothing, guns, musical instruments
  - Valuation of personal property is based on how much you could sell the property for, not based on how much you paid for it
- Up to $4,500 in property needed for work.
  - Examples of property needed for work: tools and items you own that you use for work
- IRA's and Roth IRA's.
  - ✓ IRA's and Roth IRA's are exempt up to the amount you put in and earned before the creditor had a judgment.

- Life insurance policy with a cash value
- Prescribed health aids
- Burial plots.
- Health Savings Accounts

2. Exempt Income

A. Wage Garnishment

Step One: Determine your "disposable earnings."

The amount of money that can be garnished from your wages is based on your disposable earnings. **Disposable earnings** are your earnings **after** mandatory withholdings from your paycheck, such as Social Security, Medicare, or FICA.

In order to figure this out, you will need to have a paystub available from your job.

Example: Total earnings on paystub: $________

— Social Security/Taxes: $________

Your Disposable earnings: $_________

Step Two: Convert disposable earnings to a weekly amount based on how often you are paid.

Once you have figured out your disposable earnings from your paystub, you use your disposable earnings calculated above to determine your **weekly** disposable earnings. How you calculate your weekly disposable earnings will depend on how often you get paid. Use the calculations below based on how often you are paid.

If you get paid every two weeks you divide your disposable earnings by two to get your weekly disposable earnings.

If you get paid once a month you divide your disposable earnings by 4.33 to get your weekly disposable earnings.

If you get paid twice a month you multiply your disposable earnings by two and then divide that number by 4.33 to get your weekly disposable earnings.

Now you have determined your weekly disposable earnings.

Enter than number here: $____________

Step Three: Calculate 25% of your weekly disposable earnings.

Take the dollar figure from Step 2 above, and multiply by .25.

Weekly disposable earnings $__________ x .25 = ____________

Step Four: Subtract $217.50 from your weekly disposable income

Weekly disposable earnings $__________ - $217.50 = ____________

Step Five: Compare the dollar amounts from Step 3 and Step 4. Whichever amount is smaller is the amount that can be garnished from your weekly disposable earnings.

You will need to convert the weekly amount back to how often you get paid if you want to know how much can come out of each paycheck.

If you get paid every two weeks, multiply the weekly number by two.

If you get paid once a month, multiply the weekly number by 4.33.

If you get paid twice a month, multiply the weekly amount by 4.33 and then divide that number by two.

B. Account Levy

You may be able to claim some or all of the money in your bank account as exempt after the creditor or debt collector takes it. Where the money originally came from determines if the money is exempt. Remember that exempt income can still be taken from your bank account, and then it is up to you to file the Notice of Claimed Exemption to get the exempt income back.

Money in your bank account(s) from any of these sources is exempt:

- ☐ **Unemployment or public assistance benefits**
  - ☐ Unemployment insurance benefits
  - ☐ Federal Social Security/SSI/SSDI

- ☐ Local public assistance benefits (TANF)

☐ **Child support or spousal maintenance**

- ☐ Child support
- ☐ Spousal maintenance

☐ **Retirement or veteran benefits**

- ☐ Social security benefits
  - Exempt except for back child support or maintenance
- ☐ Veterans' benefits
  - Exempt except for back child support or maintenance
- ☐ Certain retirement benefits are also exempt

☐ **Income or assets related to an injury, illness or disability**

- ☐ Insurance benefits paid for medical care, surgery, or hospital care
- ☐ Worker's compensation benefits
- ☐ Social Security Disability benefits
  - Exempt except for back child support or maintenance
- ☐ Other disability or illness benefits
  - Exempt except for back child support or maintenance

☐ **Some or all of your wages**

- ☐ The same calculation applies to your wages as was discussed above in the wage garnishment section.