

New Protection Against the Garnishment of Exempt Funds: The Exempt Income Protection Act

Starting in January of 2009, some types of income will be exempt from being frozen by the people you owe money to. The Exempt Income Protection Act (EIPA) **prevents the first \$1,716 of any bank account from being frozen** and makes it easier to un-freeze an account. This article talks about the changes that EIPA has made to the law, and what types of income can't be taken.

In addition to the \$1,716 that is exempt for your living expenses, there are also many other types of exempt income. When income is "exempt" it means that it can't be frozen.

Types of Exempt Payments Include:

Social security (including retirement)	Unemployment Insurance
Survivors' and disability benefits	Veteran's benefits, Black lung benefits
SSI	Railroad retirement
Child support and spousal support	Public or private pensions
Public Assistance	College tuition trusts
Worker's compensation	Life insurance

*For a chart of all types of income that are exempt, go to the Empire Justice Center's website at www.empirejustice.org.

If you have exempt income, and your exempt payments are directly deposited into your bank account 45 days before the bank got the freeze notice, then the first \$2,500 of your account should not be frozen. If your account has less than \$2,500, then your account should not be frozen at all.

If you don't have exempt income, then your bank account with more than \$1,716 can be frozen and banks can charge a fee to accountholders for doing this to their accounts.

Claiming Exemptions and Releasing Frozen Accounts

EIPA also talks about how to release a frozen account. If any money is actually frozen, the bank must send the Notice and Claim Form to the accountholder within two business days. These two papers tell you that your account has been frozen, and explains how to "release" your account if it contains any income that doesn't count.

To un-freeze an account, you must complete the Exemption Claim Form, show proof of exempt income, and turn it in within the time deadlines that apply. If you do not complete and return the form within twenty-five days from the date sent, your account could be frozen.

EIPA also says that a person can only have 2 restraints on their account per year.

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