

WAGE GARNISHMENTS TAKE LIFE IN HUMAN RESOURCES DEPARTMENTS



With the bear economy continuing into 2013, and so many people in debt, a professional in human resources may get ahead by reading up on laws relating to wage garnishment. In debt collection, wage garnishment laws stop fraud by consumers who cannot pay bills when due. Wage garnishment affects the workplace when there is a court judgment, taxes, or a family law support order, a debtor does not allocate assets to pay. The creditor goes after the debtor though the creditor may not need the money because the debtor took something such as products or services without paying. Wage garnishment takes on life in a human resources department when the creditor thinks it is reasonable for the employer of the debtor to divert earnings to the creditor. Wage garnishment prevents the debtor from delaying payment when the debtor prefers to spend money on food or shelter instead of making the creditor whole. Wage garnishment laws balance the interests of the debtor, the public, and creditor to give some of the debtor's wages to the creditor. If the creditor does not get paid, consumers lose because pricing may rise to offset the loss from the debtor who does not pay. If the debtor has to give away all wages to the creditor, society loses since other consumers may be taxed for welfare or public services when the debtor cannot provide for family or obtain healthcare. State laws provide procedural rules for wage garnishment. There may be specific forms to use, deadlines on when to file, who to serve, and who collects the funds. Federal law offer substantive rules to limit the funds that can be garnished, and restrictions on firing employees subject to garnishment. For example, an employer may violate state and federal law when the employer terminates an employee whose wages are subject to withholding. Under 15 U.S.C. § 1674: "... (a) No employer may discharge any employee by reason of the fact that his earnings have been subjected to garnishment for any one indebtedness. (b) Whoever willfully violates subsection (a) of this section shall be fined not more than \$1,000, or imprisoned not more than one year, or both." Not every creditor can use wage garnishment. Wage garnishment is available to judgment creditors stemming from a lawsuit, governments, and child support when debtors have no assets to pay the judgment. Wage garnishment begins with a levying officer preparing an Earnings Withholding Order to serve on the debtor's employer, along with instructions to the employer on how to fill out and return the order. The levying officer pays the creditor. The human resource professional needs to (a) lets the employee know about the order within the time requested by the instructions; (b) return the order to the levying officer; and (c) garnish the wages by paying a percentage of earnings to the levying officer, and giving the rest to the employee. The employer may keep a small fee from each payment for administrative costs.