The judgment debt can be collected from income you receive or property you own unless the income or property is protected from collection. If it is protected, it is called “exempt.”

When you appear in Court, you will be asked to describe the property you own and the amount of income you have. You cannot be jailed for not paying your debts. You can, however, be arrested if you ignore a Court order that requires you to appear.

When you appear, in person or virtually, you will meet with a representative of the creditor, in person or virtually, that was awarded a judgment against you. You may attempt to reach an agreement to make payments toward your debt. **However, you have the right to appear before a Judge or other Judicial Officer**. You should request to appear before the Judge or other judicial officer if the judgment holder will not agree that certain income or property listed below is exempt.

**Examples of Exempt Income:**

1. Wages: The federal minimum hourly wage is currently $7.25. A part of minimum wage earnings cannot be garnished. The part that cannot be garnished is the lesser of (a) 30 hours of minimum wage earnings (which is $217.50) or (b) seventy-five percent (75%) of your net earnings. Here is an example of how (a) and (b) work:

Example: If your net income is $300.00 a week, you could be garnished in the amount of:

* 1. $82.50 ($300.00 – $217.50 = $82.50) [calculation (a) – note how the exempt amount of $217.50 is first subtracted and set apart from your net income, to leave the balance that may be subject to garnishment] or
  2. in the amount of $75.00 ($300 x .25 = $75) [calculation (b) – since calculation (b) requires seventy-five percent (75%) of your net income to be exempt, you calculate the remaining percentage – twenty-five percent (25%) – of your net income].

Since $75 is less than $82.50, the amount garnished should be $75. The higher amount of income remaining, $225 in this example (seventy-five percent (75%) of your net earnings), is exempt. This exemption is usually applied automatically.

1. All Social Security benefits, and certain retirement accounts, such as an IRA.
2. All Veterans Administration, Unemployment Compensation, and Workers Compensation benefits

**Examples of Exempt Property:**

1. Intangible Personal Property (cash, bank accounts, etc.) up to a Maximum of $400.00.
2. All money in a bank account that only receives deposits from exempt sources, such as Social Security.
3. A home you own or are buying--Equity value up to $19,300.00 per debtor is exempt. If you and your spouse both owe the debt and both own or are buying the home, you each receive an equity exemption of $19,300.00.
4. A home that you and your spouse own or are buying together-- If you and your spouse own or are buying your home as husband and wife (“tenants by the entireties”) and if the debt is owed by only one spouse, the entire equity value of the home is exempt.
5. Tangible personal property (cars, furniture, etc.) with a total combined value of up to $10,250.00.

Please note that this Notice of Rights applies only to debts you owe to an individual or a business; it does not apply to Child Support collection or to debts owed to the Government. Exemption laws are complicated. The above information is not a final determination of your rights or a complete description of the law.

You may wish to seek legal advice from an attorney or other legal aid agency. Below is a list of agencies that provide free or low cost legal services.

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| **Free or Low Cost Legal Services** | | |
| **Elkhart Legal Aid, Inc.**  315 S. Second Street  Elkhart, IN 46516  (574) 294-2658 | **Center for Legal Justice**  121 S. Third Street  Elkhart, IN 46516  (574) 295-6148  [www.centerforlegaljustice.net](http://www.centerforlegaljustice.net)  \* Habla Español | **The Volunteer Lawyer Network, Inc.**  P.O. Box 1358  177 N. Main Street  South Bend, IN 46624  (574) 277-0075  [volunteerinc@att.net](mailto:volunteerinc@att.net)  [www.volunteerlawyernetwork.org](http://www.volunteerlawyernetwork.org) |
| **Indiana Legal Services**  **South Bend Office**  401 E. Colfax, Suite 116  South Bend, IN 46617  1-800-288-8121 | **Notre Dame Legal Aid Clinic**  725 Howard Street  South Bend, IN 46617  (574) 631-6704  [www.law.nd.edu/legal-aid-clinic](http://www.law.nd.edu/legal-aid-clinic) |  |