

## PROTECTING YOUR WAGES FROM GARNISHMENT

Wages can be subject to garnishment by creditors unless appropriate steps are taken to protect them. In Florida, wages of a "head of family" may not be subject to garnishment (except in the case of alimony and child support payments, or when you have given a creditor the right to garnish). The following outlines the applicability of a wage exemption and how to use it to ensure wage protection:

**What are "wages"?** Payment of money or other items for personal labor or services, whether labeled wages, salary, commission, or bonus.

**Who is a "head of family"?** Someone who provides more than half of the support for a child or other dependent, including a spouse, ex-spouse, adult child, or elderly parent. The dependent and head of family need not live together, so long as the dependent is receiving the required amount of support from the head of family.

**What is a wage account?** A wage account is a non-interest bearing bank account (not a savings account), in the head of family's individual name, wherein no deposits, other than the wages of the head of household, are deposited. The account cannot be jointly held or in trust. To avoid probate, we recommend the account include an appropriate pay-on-death designation. A savings account or brokerage account are unacceptable as wages cannot be commingled with other funds, such as interest payments and capital gains. The wage account protection is available for 6 months after the wages are deposited.

**How could a creditor or bankruptcy trustee dispute a wage exemption?** Land mines for the unwary exist. If you are an independent contractor or you receive a large salary from a personal service company, talk to us about the risks.

**What is the safest way to preserve wages?** The conservative approach would be to: (1) incorporate your business; (2) implement employment and other agreements; (3) set up your wage account in a non-interest bearing individual account, with a pay-on-death designation, including "Wage Account" in the account title; and (4) deposit only the wages of the head of family into that account.