

Legal Advocacy & Resource Center, Inc.
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197 Friend St., Boston, MA 02114 www.larcma.org

Hotline: 800-342-LAWS 617-603-1700

Dear Caller:

You recently contacted our agency about a debt problem and we advised you that you are “judgment proof” or “collection proof.” This means that your income is protected from wage garnishment, attachment, or seizure by private creditors or collection agencies because it comes from one of the following sources: SSI, SSDI, OASDI, Public Assistance, Unemployment Compensation, Workers Compensation, Veterans Benefits, Railroad Retirement Benefits, Pensions (public and private), Retirement Funds or Wages that are exempt from garnishment.

You do not have to agree to any payment plan. Please be aware that your creditors DO have a right to take you to court for your debt (do not panic — you will not be put in jail for not paying a debt, but you must go to court). If you receive any notice to appear in court, you must go to the court hearing. You should bring proof of your income with you. Do not agree to a payment plan and make sure that you see the judge. Tell the judge that your income is protected and show the judge any documentation you have which proves your source of income.

Additionally, you have the right to request that a collection agency cease contact with you. Attached is a sample request letter which you can copy and send to collection agencies if you wish to assert these rights. Make sure to send the letter to the collection agency and not your original creditor. In most cases the person to whom you owed the original debt turns it over to another creditor, which is referred to as a collection agency. You should make a photocopy of your letter to keep for yourself in case you ever need to prove that you sent it. Send the letter via certified mail if you are able. Otherwise, regular mail is fine. The law considers it creditor harassment if, in the future, the collection agency does not honor this request. Be aware that this does not prevent them from bringing you to court; it is designed to stop them from initiating contacts you do not wish to receive. Keep in mind they can contact you to inform you of court actions or dates.

If a collection agency continue to harass you, you may also want to report the harassment to the Consumer Division of the Massachusetts Attorney General at 617-727-8400.

Sincerely,
The Legal Advocacy & Resource Center Hotline

Judgment Proof & Protected Property

What Is Judgment Proof?

Fortunately, not all property or income can be taken from you by your creditors. Some income and property is essential, and cannot be taken by court order to pay a debt. If all your income and possessions are protected you are called “judgment proof” or “collection proof.”

What Kind Of Income Cannot Be Taken To Pay Debts?

Certain income sources and amounts are specifically protected from private debt collectors of consumer debts. The following is a list of some of the income sources which are protected in most cases:

- Wages – 50 times the hourly minimum wage (\$400 per week) or 85% of your gross wages per week, whichever is greater. M.G.L. c. 246, § 28
- Unemployment Compensation M.G.L. c. 151A, § 36
- Workers Compensation M.G.L. c. 152, § 47 *
- Veterans Benefits 38 U.S.C., § 3100 & (both state and federal) M.G.L. c. 224, § 16
- Pensions, Retirement Funds, IRAs, etc. M.G.L. c. 235, § 34A
- Public Employees' Pensions M.G.L. c. 32, §§ 19, 41
- Railroad Retirement 45 U.S.C., § 231m
- Social Security (OASDI, SSDI) and 42 U.S.C., § 407
- Supplemental Security Income (SSI) 42 U.S.C., § 407
- Public Assistance (Any government benefit to the poor) M.G.L.c. 235, § 34
- Welfare Benefits (Any benefit given by the Mass Dept. of Transitional Assistance) M.G.L. c. 118, § 10

If you want to keep the above income protected, you should keep it in a separate bank account from all other sources of income. It helps to have the checks direct deposited into an account so that you have proof that the account holds only protected income.

Are There Other Exemptions?

In addition, the Massachusetts law exempts from collection some income and assets to cover basic expenses. Here are some of the major exemptions that allows you to keep:

- **Car** - Worth up to \$7,500 in resale value or \$15,000 if elderly or disabled
- **Cash & Savings** - Up to \$2,500 plus certain wages and money paid as public assistance
- **Household Furniture** - Up to \$15,000
- **One Computer and one TV**
- “wild car” exemption between \$1000 - \$6000, based on other unused exemptions
- Money for utilities - \$500

As a practical matter, creditors are not usually interested in your personal belongings unless they are particularly valuable.