



## PROTECTING STIMULUS CHECKS FROM GARNISHMENT

As a result of the \$2.2 trillion CARES Act, the federal government will issue stimulus checks to millions of income-qualified Americans. The purpose of the checks is to help people cover food, utilities, rent, medicine, and other basic necessities at a time when many have been told to stay home and have lost income. Garnishment of these funds represents a threat to public health.

The CARES Act protects those stimulus checks from [offsets to collect certain debts owed to federal and state governments](#). The Act does **not** specifically address garnishment or bank offset for other debts. However, it gives the U.S. Treasury the authority to issue rules and guidance to carry out the purposes of the stimulus payments. The Internal Revenue Service (IRS) has more information online about [distribution of checks](#).

### What the Federal Government Can Do

The U.S. Treasury can [protect stimulus checks from garnishment](#) by coding them like other federal benefits, such as Social Security, that are exempt from garnishment. This will make it easy for banks to allow their systems to protect the funds from garnishment automatically.

### What State and Local Governments Can Do

Using judicial and executive orders, emergency regulations, and legislation, states and local governments can protect consumer stimulus checks from garnishment by:

- Staying the enforcement of all new and existing garnishment orders;
- Staying all garnishment for debts owed to the state or local government;
- Clarifying that stimulus checks are exempt under existing state law and the garnishment of such funds is an unfair and deceptive practice; and
- Prohibiting state chartered banks and credit unions from setoff against any stimulus check amount deposited in a bank account.

### What Consumers and Advocates Can Do

Unless and until the U.S. Treasury ensures that the payments will be protected, consumers who have an outstanding judgment entered against them in a collection lawsuit should consider:

- Withholding direct deposit information from the IRS (where it does not already have such information) so that the IRS will have to issue a paper stimulus check;
- Withdrawing stimulus funds as soon as deposited;
- Seeking an emergency stay of any garnishment order; or
- Asserting [exemptions under state law](#) if an account containing the stimulus check has already been garnished. Relevant exemptions may include exemptions for public benefits, [cash in bank accounts](#), or wildcard exemptions.

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