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PAYROLL BULLETIN (1-92)

TO: All State Agencies, Departments, Boards, Commissions and Universities
SUBJECT: Changes in Garnishment Processing

Public Act 87-569 will require that new processing procedures be used for processing wage deduction summonses. The most important changes made by the Act are as follows:

1. The maximum wages subject to garnishment are now the (a) lessor of 15% of gross wages or (b) the amount by which disposable earnings exceeds 45 times the Federal Minimum Hourly Wage.
2. The effective period of a summons is now extended from 56 days to 84 days.
3. The statutory fee is now the greater of \$12.00 or 2%. The amount of the fee deducted will be charged to the employee.

EXEMPT WAGES

This new Act is effective for wages earned after December 31, 1991. The calculations for determining the amount which is exempt from wage garnishment are shown below. Use the method that leaves the employee with the most money.

1. 85% of gross wages or
2. 45 times the federal minimum wage.
 $45 \times \$4.25 = \$191.25 =$ disposable income exempt per week
 $45 \times \$4.25 \times 2.1667 \text{ weeks} = \$414.38 =$ disposable income exempt semi-monthly
 $45 \times \$4.25 \times 4.3333 \text{ weeks} = \$828.74 =$ disposable income exempt monthly
 $45 \times \$4.25 \times 2 \text{ weeks} = \382.50 disposable income exempt bi-weekly

No garnishment deduction may be taken if the employee's disposable wages do not exceed 45 times the minimum hourly wage for the applicable pay period. There has been no change in the method of determining disposable wages for garnishment purposes.

EFFECTIVE PERIOD OF SUMMONSES

Summonses issued after December 31, 1991 will have an effective period of 84 days. Summonses issued prior to January, 1992 will continue to have an effective period of 56 days even if, due to stacking, they become effective in 1992. The face of the summons should be reviewed to determine the effective period.

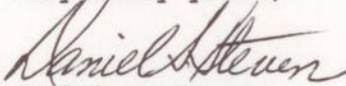
STATUTORY FEE

The Wage Garnishment Act allows the statutory fee to be deducted only once for the same debt and has now been amended to provide that the statutory fee, \$12.00 or 2%, be deducted from the employee's wages in addition to the full amount of the debt.

The Comptroller's Office has studied the garnishments previously entered against State employees and found that a majority of the garnishments were medical garnishments. After reviewing the total amount of fees collected, the Comptroller's Office has concluded that it is not cost-effective to continue to collect the statutory fee. Beginning with all summonses issued after December 31, 1991, the statutory fee should no longer be taken on garnishments.

If you have any questions, please contact me at (217) 782-4758.

Very truly yours,



Daniel S. Steven
Payroll Supervisor